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Friday May 23 1975

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1975

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NEWS SUMMARY

GENERAL

BUSINESS

Pensions Golds to rise 16.7 to peak of 442.3

• EQUITIES closed slightly easier on balance. The FT 30-share index was 1.8 lower at 349.7 after rising to 352.6. Gold shares again moved ahead and although some prices were below the best at the close, the Gold Mines index added 16.7 to a record "high" of 442.3.

• UNEMPLOYMENT and sickness benefits will be increased from £11.60 to £11.10 for a single person and from £13.50 to £13.80 for a married couple. Maternity allowance and injury benefit will go up by the same amount.

The Standard National Insurance widow's pension will go up from £11.60 to £12.30 with proportionate increases for younger widows and those drawing reduced rate pensions. The 100 per cent. disqualification rate will be increased from £19 to £21.20. Back page. Editorial comment, Page 20

Curb on foreign doctors

Doctors trained in India will not in future be eligible for full registration in Britain. The General Medical Council said yesterday that Indian doctors qualifying after today will now be given only temporary registration in the UK.

To get this temporary registration, doctors will have to pass linguistic and competence tests which will be introduced for all foreign medical graduates next month. Doctors trained in India will also be prevented from going into private practice.

ITV strike split

Some television technicians rebelled yesterday against their union's decision to block out ITV programmes by strike set for this weekend. Some companies may be able to broadcast as a result. Back Page 19

Lisbon protests

Thousands of Portuguese demonstrated in the streets of Lisbon and Oporto yesterday in support of Socialist leader Mario Soares, who accused Left-wing military leaders of promoting a Communist dictatorship and threatened to withdraw his party from the government. Page 6

Kidnap hunt

The air, land and sea search continued yesterday for four students and the 40 armed men who seized them earlier this week from an isolated jungle camp in the Lake Tanganyika region of Tanzania.

Two American girls, a Dutch girl and an American youth were kidnapped in the Combe Game Research Centre, where British anthropologist Jane Goodall carried out research into the habits of chimpanzees.

Nato clash

The East and Western Europe clashed sharply in Brussels yesterday over the question of a possible link between Spain and West Germany. The majority of West European countries came down firmly against any form of alliance, though there was tentative support from West Germany. Page 6

Flask killing

Mr. Gerald D'ea, a 33-year-old married man, was killed in a booby trap explosion on a building site in Belfast yesterday. The device was hidden in a vacuum flask which exploded when he tried to unscrew the top. Earlier a Catholic and a Protestant were seriously injured in separate shooting incidents in the city.

Shelepin goes

Mr. Alexander Shelepin, yesterday lost his post as head of the Soviet trade union organisation, in a development widely expected after his removal from the Communist Party's ruling Politburo last month. Page 6

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

	RISES	FALLS
Cameron (J. W.) ...	100 + 14	Ass'd. Fisheries ... 33 - 8
Curran ...	73 + 8	Boots ... 260 - 5
Cussons ...	76 + 12	Bowater ... 156 - 4
ERF ...	45 + 7	DRG ... 120 - 5
JCI ...	281 + 7	Fitzwillian ... 70 - 5
Leisure Caravans ...	69 + 3	Hawkins & Sons ... 230 - 11
Lidell ...	16 + 3	London (J. A.) ... 100 - 6
Midland-Yorkshire ...	425 + 25	MPC ... 184 - 4
Sealed Motor ...	471 + 4	Paterson Zachonis ... 330 - 40
Stag Furniture ...	74 + 4	Raglan Plec ... 267 - 7
Waite and Sons ...	45 + 11	Reed Int'l ... 270 - 5
British Borneo ...	168 + 5	Stenhouse ... 74 - 3
Sibgen Oil and Gas (UK) ...	855 + 75	Sun Alliance ... 430xa - 16
Deekraal ...	1100 + 20	Tarmac ... 158 - 5
Marley ...	500 + 40	Tate & Lyle ... 237 - 5
Palabora ...	915 + 35	Taylor Woodrow ... 304 - 6
Pancontinental ...	405 + 50	Warren (James) ... 100 - 6
President Brand ...	1281 + 11	Weyburn Eng'g ... 198 - 14

Power pay deal

• ELECTRICITY SUPPLY manual workers voted overwhelmingly in favour of a 31 cent pay offer which becomes effective from March 17. Page 10

• NYPKO U.K. announced that the Flixborough chemical plant is to be rebuilt at a cost of around £30m. Page 8

• TOWN AND CITY Properties is to receive a £25m. cash injection from Barclays Bank and the Prudential Assurance. Back Page and Lex.

• TAFALGAR HOUSE profits in the half-year to March 31, rose to £9.81m. (£9.02m.). Page 32 and Lex.

Sharp upward trend in unemployment

BY SAMUEL BRITTAN

A SHARP upward turn in the cresting of an underlying rate of unemployment trend has been shown by the official figures for mid-May and there has also been a sharp drop in the number of unfilled vacancies.

Total U.K. unemployed amounted to £50,346, or 3.7 per cent. of all employees.

But the fall was more than accounted for by the disappearance of 94,842 students from the register, with the end of the university vacation, and a drop of 6,004 in the number of unemployed school leavers.

The unemployment total is the highest May total since 1972.

The number of unemployed, excluding students and school leavers, amounted to £34,509 for the U.K. and £98,809 for Great Britain.

On a seasonally adjusted basis the number of unemployed in Great Britain was £16,700, or 3.6 per cent.

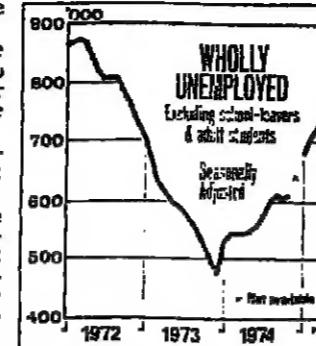
This represents an increase of 56,800, the largest monthly jump in the present recession.

In addition, the estimate of the number on short time rise to £50,000, an increase of 25,000 compared with April.

Of these, more than 90,000 were "temporarily stopped". Short-time working reflects, however, industrial stoppages as well as the general recession.

About 95,000 of those on short-time in mid-May were in the Midlands, a region especially hit by motor industry strikes.

In the period since last November unemployment has been in-



But the predominant mood, especially among those concerned with the management of sterling, is one of concern at the continued high level of negotiated settlements.

There are fears that this could even accelerate further without major policy moves. These anxieties explain the flurry of activity on the incomes policy front.

Although Ministers and officials are still open-minded about mechanisms and formulae, the effort they want to achieve is that of an indexed freeze.

In the policy argument behind the scenes, scepticism about market forces, continued belief in the efficacy of incomes policy and a reluctance to allow exchange rates and interest rates to reflect the British inflation rate tend to go together.

Vacancies

A more significant indicator is the number of unfilled vacancies notified to Employment Officers.

These fell for the U.K. as a whole by 9,551 in May to reach 167,285. On a seasonally adjusted basis the number of adult unfilled vacancies in Great Britain fell by 17,700.

In the six months since November the adjusted total of vacancies has fallen by nearly half. This is a larger movement than it looks as many vacancies remain unreported, especially in times of prosperity.

At 158,000, the number of adjusted vacancies is not far from the level of last November.

Political pressures, together with the cost of redundancy compensation, may have discouraged employers from dismissing workers. But they have also discouraged recruitment.

The economy is now entering a stage where even officials and economists who are sceptical of the popular interpretation of the unemployment figures would agree that the overall demand for labour is beginning to fall short of supply and demand deficiency is about to develop.

But a general demand stimulus is out of the question while inflation is still accelerating. Indeed, the main question under discussion in official circles is whether the downturn in the demand for labour is already affecting wages or not.

One school of thought takes comfort from the fact that earnings are rising less rapidly than a few months ago and looks forward to a further reduction in the pace of wage inflation in the autumn.

Continued on Back Page
Regional figures Page 8
Editorial comment Page 20

employers from dismissing workers. But they have also discouraged recruitment.

The argument about market forces versus intervention cuts across normal left-right divides. Some of the most draconian interventionist advice is coming from the most orthodox and conventional financial quarters.

The one direct measure which the Government is planning to deal with unemployment is the Temporary Employment Subsidy foreshadowed in the Budget speech.

Continued on Back Page
Regional figures Page 8
Editorial comment Page 20

Chrysler calls talks to-day as strikers vote to stay out

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER STRIKERS were offered negotiations immediately after they had voted to continue their pay dispute at a mass meeting in Coventry yesterday.

Without mentioning money, the company said it had invited negotiating committees at all plants from Luton to Scotland to talk to-day on an individual plant basis.

Included in the invitation is the Stoke, Coventry, plant where the two-week strike by all 4,000 engine and transmission workers has made some 8,000 other Chrysler workers idle and threatens the jobs of hundreds of others among the company's 27,000 employees.

Chrysler had previously promised to make a pay offer to the strikers to-day if they had returned to work.

At their mass meeting yesterday, despite the engineering union's instruction to its members to resume, the strikers voted just as solidly to remain out over the holidays and will not meet again until June 5 unless there is an overriding reason for doing so.

Further pressure for them to return came last night from TUC general secretary, Mr. Len Murray, who said in a BBC television interview that they should listen to their unions, return to work and negotiate.

After the meeting, the strike leaders travelled to London where they lobbied their MPs.

Mr. McCluskey is a member of the Communist Party executive committee.

Meanwhile in the Connaught, International Socialists have had considerable success in becoming employees at the Stoke plant—and at the nearby Ryton plant, making Avengers. They regularly publish the Ryton Bulletin and the Stoke Bulletin, both duplicated sheets.

Information about the company's future, obtained by Mr. Wilson in his discussions with President Ford and senior Chrysler executives earlier this year, should have been relayed to workers, he said.

Car workers had been visited by industrialists and some of those who know Mr. Morris well, believe his metamorphosis springs from this.

He has nailed himself to the strike as a condition for returning, whereas many strikers would accept a reasonable offer that would enable them to negotiate towards the £15 goal.

In its present financial plight, the company clearly is in no position to offer £5 extra a week, and presumably will be able to offer less and less the longer the strike continues.

What will emerge from to-day's negotiations may be less about money and more about the company's proposals for employee participation and profit-sharing—providing there is freedom from industrial action. The company is unlikely to miss the chance of

again parading its penury.

Then again, the Trotskyist Labour MP for Luton, Mr. Brian Sedgemore, said it was insulting that assurances received by the Prime Minister from Chrysler in America had not been passed on to workers in this country.

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Car workers had been visited by industrialists and some of those who know Mr. Morris well, believe his metamorphosis springs from this.

At the end of last year, when the Government was still talking of a 3 per cent. real growth in the economy in 1976, the Bundesbank said that as a matter of anti-inflationary policy it would not let the monetary base expand at an annual rate of more than 8 per cent.

Germany cuts two key interest rates

BY NICHOLAS COLCHESTER

BONN, May 22.

THE WEST GERMAN economy will show no real growth for 1975, according to Dr. Ottmar Enzinger, the Bundesbank's vice-president.

Faced with this outlook, the central bank council to-day decided to lower both the discount and the Lombard rates by 1 per cent. to 4.5 per cent.

The new rates become effective to-morrow and come again from West Germany, the lowest discount rate in the industrialised world, on a par with that of Switzerland.

From the beginning of June the Bundesbank's minimum reserve requirement will be cut by 5 per cent. freeing DM1.2bn. (£400m.) of bank reserves.

An additional DM400m. of liquidity will be made available through the Bundesbank's special foreign trade financing facility—"Private diskont-AG."

Over the last six months the base has expanded at about this rate, but in the last three months the rate has been much slower—around 4.6 per cent. This slowdown has not been due to central bank tight-fistedness, but due to unwillingness to borrow in all sectors of the economy.

LOMBARD

Nearer to next crunch on gold

BY C. GORDON TETHER

ONE THING that emerges from the extremely interesting up-dating of the international monetary reform scenario that Mr. Johannes Witteveen, managing director of the International Monetary Fund, provided in an address in Washington last week is that we may be much nearer the next crunch on the "role of gold" issue than has been generally supposed.

The other is that there would be a far better chance of working through to the right solution if all attempts to find it did not have to start from the US-oriented—but manifestly outdated—proposition that it is in the best interests of the world as a whole to phase the metal out of the monetary system.

There is a widespread belief that the gold issue was effectively put on the shelf for further long spell by the agreement concluded earlier this year between President Ford and President Giscard d'Estaing in his role of plenipotentiary for the Common Market countries. It is provided, it will be recalled, for a suspension of gold traffic between central banks on the condition that no attempt was made to stabilise the open market price until the beginning of 1977.

In his latest pronouncement, however, Mr. Witteveen pointed to the serious difficulties that the official use of gold were throwing us and went on to assert that the metal's future was one of the most important issues on which agreement had to be reached at next month's meeting of the interim standing committee on monetary reform.

The purpose

As to that, the view he expressed was that, as there was agreement that the ultimate purpose was to phase gold out of the international monetary system, it should be possible to dispose of the many obstacles standing in the way—considerable though they were—and "put the decisive issue of gold behind us."

And it is, of course, conceivable that the widespread anxiety to a working arrangement that will enable official gold traffic to start moving again may produce some sort of interim compromise.

What I do not readily see is any agreement emerging from talks conducted under present conditions within the limits proposed by Mr. Witteveen producing an agreement which would have the effect of "putting the decisive issue of gold behind us."

It would, I would have thought, made a great deal more sense if the next attempt to resolve the gold question "once and for all" started by asking whether it is now in the interests of the world as a whole—if, indeed, it ever was—to treat the demonetisation of the metal as a priority requirement for international monetary generally supposed.

After all, we are in the midst of the greatest international monetary crisis in the world's history—one stemming from the worldwide collapse of confidence in paper currencies in general and the dollar in particular.

As the only form of money that still commands respect throughout the world, gold is one of the few things to which we can turn for help in extricating ourselves from the morass.

Barbarism

The time may come when alternative methods of meeting the world's needs for international liquidity will be required.

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Mr. Witteveen pointed to the real obstacle to reaching a settlement on the gold question that would serve the best interests of the world as a whole when, having observed that it is a subject that generates strong emotions and on which rational discussion is sometimes obscured by sentiment and ideology, he went on to add that there were also "substantial financial interests involved."

There can, indeed, be little doubt that gold's capacity to keep the world's monetary system operating on a sound basis would not have been impaired in recent years to the extent it has been had it not been for the fact that Washington has seen the metal as the remaining barrier to the triumph of dollar imperialism.

In consequence, it has been all its endeavours to get it removed from the scene. It is high time that they recognised that they have a duty to humanity to break out of this mental straitjacket.

RACING

BY DOMINIC WIGAN

It can be Jolly Good to-day

BRUCE HOEBS, whose Newmarket Plate at Newmarket's Guinea meeting and she has generally had a profitable time since improved on that display, when running Everything Nice to one and a half lengths in the Zetland Maiden Stakes at York on May 13.

Even if Major Dick Hern, the

Wilberforce Plate at Lingfield's 2,000m, in spite of the presence of African Winner and Lord Helpus.

With that victory fresh in the mind, it was not surprising to see Jolly Good backed from 7-4

in 11-8 for the Carlow Plate (a maiden's at closing race) at Lingfield on May 9. Again

Hobbs' colt found no difficulty in leading from start to finish,

beating Relkonala, to whom he was conceding 8lb, by four lengths with Chas Sawyer third, another 10 lengths behind.

Jolly Good, who could easily have extended the winning margin at Lingfield had Lewis

decided to push him, may be capable of further improvement and to-day's opposition, though

far from weak, is unlikely to prove beyond him. Zimbalon, a three-lengths winner of Chester's Grosvenor Stakes three days before Jolly Good's Lingfield victory, is taken to finish second.

Another trainer whose runners usually do well here is Bill

Marshall and I shall be disappointed if he fails to land at least one winner. His first repre-

sentative of the afternoon is Tasseum in the Stretford Selling Stakes (2.15). This chestnut

Lorenzaccio filly ran respectably

to gain places in maiden races

last season and I expect her to prove herself a cut above the opposition she meets here.

HAYDOCK

2.15—Tasseum

2.45—Nagwa**

3.15—Jolly Good*

3.45—Baronet

4.15—Jaemel

4.45—Bagdad Time

KEMPTON

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

LAWRENCE

2.15—Tasseum

2.45—Nagwa**

3.15—Jolly Good*

3.45—Baronet

4.15—Jaemel

4.45—Bagdad Time

NEWCASTLE

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

Preston

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

SOUTHAMPTON

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

ST MARY'S

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WALSHAM

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WELLINGTON

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WILTON

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WINDSOR

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WIRRAL

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WITNEY

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WOLVERHAMPTON

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WORCESTER

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

WYOMING

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

YORK

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

YORKSHIRE

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

YORKSHIRE

2.00—Fastpad***

2.30—Nanfawke

3.00—Xavel

3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

YORKSHIRE

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2.30—Nanfawke

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3.30—Reprobate

4.00—Bawn Bay

4.30—Sir Something

YORKSHIRE

2.00—Fastpad

The Bach Choir

by RONALD CRICHTON

banks
es and
alk to
minion?

On the eve of the centenary and after are themselves hoity-toity the Bach Choir conducted in timbered splendour by David Willcocks, with the style rather than the new, the Choristers of St George's Chapel, unoriginality of idiom does not Windsor, and the New Philharmonic. Elsewhere there are monia on Wednesday performed pages when the world seems to choral works by Scottish and be revolving slowly enough for Welsh composers, capping them unkind thoughts about the with the indubitable English desirability of a British *Carmen* Walton's *Belsazar's Feast*, burlesque.

Walton's *Belsazar's Feast*, burlesque. This is Iain Hamilton's *Te Deum*, new World's first, written last year for the Fishguard Festival, was last year at Duke University presented choral societies with North Carolina. It need courage yet another anthology cantata, to a praise the Lord, at a time form so loved by British composers, capping them unkind thoughts about the when anxious supplication might seem more appropriate, but writing them a century from Hamilton has done so, and at the now, if any choir or orchestra same time praised Venice too, have survived, and probably even if they haven't. The connection is admitted if this one celebrates the cycle of the four seasons with text from the composer's programme note, but the music contains a bacarolle figure that no exact virgin territory which lends a horizontal motion where beneath the bell, away, the sunnè, so soft, a maiden makeless, and dew the maidens (scored for wind brass and percussion, no strings) are wide-spread chords like blocks of masonry. Mathis' Hoistian and Brittenish idiom is Hoistian and Brittenish, but whereas he has their leanings, he does not always find their tautness. When he does find it, as in some simple but telling sections for boys' voices, and "Now stinketh rose and lily-flower," for female chorus (the Bach Choir sopranos Bowen and Michael Rippon).

Purcell Room

Baryton trio

by DOMINIC GILL

A baryton trio is not (as a German might assume) a trio of tenor tubas, nor indeed a trio of barytons, but a string trio of viola, cello and viola di bordone—or otherwise known as the baryton, or sometimes in England "viola Paradon". It's an unusual instrument, all but obsolete since the end of the 18th century, and even in its heyday something of a curiosity: a hybrid of a bass viola da gamba (with a fretted fingerboard and six gut strings) and a viola d'amore (strung with 14 or more extra wire strings to give sympathetic resonance, which may also plucked, unlike those of the viola d'amore, behind the neck of the instrument with the thumb of the left hand). Its chief claim to fame is an accident of history: Prince Nicolas Esterhazy played a baryton, and as a result by himself wrote for his patron's chosen instrument nearly 200 works, most of them trios. None of them perhaps could be called a real Haydn masterpiece, but none that I have heard sounds in the least dull or routine. The unsoldly-named Esterhazy of Bach's Chromatic Fantasy, Baryton Trio included three in the little Hindemith Duo for their programme on Wednesday: viola and cello.

Elizabeth Hall

Northern Sinfonia

by GILLIAN WIDDICOMBE

Geza Anda withdrew from a given a fresher, playful reading, Wednesday's all-Mozart concert. The C minor Serenade for oboes, clarinets, bassoons, and was replaced as conductor by Fou Young. The party changed Northern Sinfonia, but it is suitable only for experienced players, three-some: the happy Ensemble is critical, and on Wednesday even some of the most prominent passages were untidily attacked, so that what should have blended often just bubbled. A conductor is not much help here, for the serenade's criss-cross and doubling is true chamber music, and hardly needs general directing. But Mr. Segal began the concert with a nicely-paced account of the little B flat symphony, warmly-hearted and cheerful.

Gayle Hunnicutt at Ludlow Festival

Gayle Hunnicutt will play Olivia in this year's Ludlow Festival production of William Shakespeare's *Twelfth Night* at Ludlow Castle from July 1 to July 19. This marks her Shakespearian debut in the English theatre. Also in the cast are Rupert Davies and Bernard Bresslaw. The director is Phillip Grout.

Florence music

Moderns at the Maggio

by WILLIAM WEAVER

The Maggio musicale has recent Stockhausen. I try. But conclude the work, but he is a a space to recent Stockhausen. The composer's writings lousy actor. And Suzanne are no help. To the Maggio's Stephens can play the clarinet—contemporary music: one of its first and most important events, after the war's end, was the world premiere of Luigi Dallapiccola's *Il prigioniero*; but this year that space has been considerably extended. Contemporary works are included in the programmes of nearly all the concerts and recitals; there will be a performance of Henze's *The raft of the Meduse* next month; and there will be a Dalla memorial concert and exhibition about which I hope to write soon.

Meanwhile this is Karheinz Stockhausen week. On Saturday night, the composer and his group performed *Herbstmusik* (Italian premiere); and the next night, there were performances also for the first time in Italy of *Spiral* and *Judgment*. These were followed by an encounter with the composer, more of whose music will be played in a few days' time. I might as well confess that viola-player (to judge from the stances, it was difficult to see these works in ballet-starved Italy.

In all fairness, I must report that not everyone shares my feelings. Though some people laughed, whistled, and made rude remarks during *Herbstmusik*, there was also a great deal of applause. And, at the second concert, the public was even more well-disposed (it was also a good deal younger). Stockhausen's pieces are filled with ritualised scenes clearly had an audience.

Otherwise, he says that, the listener should approach his music after four days of fasting, in silence, deal of bowing, sprinkling of incense, etc., an asceticism. Unfortunately, it also has an English name: *Herbstmusik*, he talks of a Khalil Gibran. And the two modern *Commedia dell'arte*: but artists who performed the work often named in vain nowadays—were, first of all, funny, and splendid enunciation, so every word could be understood (and repeated a number of times). Their pronunciation, however, is less than the deservedly big hit of the evening). The company was not particularly exciting, but they performed neatly and de-



A scene from 'The Master and Margarita'

Cinema

Stavinsky's empire

by RICHARD COMBS

Stavinsky (A) 2 Curzon
The Master and Margarita (AA) ABC Bloomsbury

Alain Resnais is a film-maker whose intellectual preoccupation with the tricks that time and memory play beneath the comfortable surface of life has always seemed immune to the comfortable patterns of storytelling. In his last few features, though, he has been trying, *Le Guerre est finie* (1968) dramatically, to provide an exiled revolutionary to whom time was all too real an irritant in his passing years, his complicated emotional ties, and his tortured political commitments; *Je t'aime, je t'aime* (1968) rounded through its hero's life with all the sleek, time-travel aids of science fiction. *Stavinsky* is an historical romance, set in that favourite Sleepy Hollow of movie nostalgia, the Thirties, and concerned, like Bonnie and Clyde, not so much with the substantial life of its characters as with the mythology that grew around them.

Stavinsky was a swindler who had the ambition and the good sense to conduct his schemes on a scale sufficiently large to involve politicians and businessmen of solid position. Born in Russia in 1886 as Serge Alexandre, the son of a dentist who wanted him to become a respectable, law-abiding French citizen, Stavinsky maintained the facade of being a proper, highly influential financier until the scandal of his sale of phonex bonds to French workers broke in 1933. Pursued by the police to Chamonix in Switzerland, he died with two bullets through his brain, administered either by himself or, more likely, by the police. The scandal outlived him, however, and amidst vociferous accusations of corruption in high places, two French ministries collapsed.

Resnais' treatment at once emphasises the high romantic quality of his material through the great personal charm of his adventurer hero (played, inevitably, by Jean-Paul Belmondo), and sets it at something of a distance, rearranging events into a formal mosaic. Declaring himself essentially uninterested in the period recreation ("I don't believe in historical films"), Resnais splinters the chronology and atmosphere of the story with a myriad of brief and non-sequential scenes, and allows the pieces to come together in other, exquisitely dense patterns.

One result is that certain periods don't have a distinctly "posed" air about them—particularly the sections relating to Stavinsky's beautiful and fastidious wife Arlette. The gloriously elegant style also appears somewhat impenetrable at first glance: Resnais has been accused of being seduced himself by the system at its own game. Resnais keeps the protagonist firmly in place and in context, and directs the glances of the elegiac apparatus, like one of those who beat the system at its own game, Resnais cuts in a "rhyming" pattern that again links the fates of Trotsky and Stavinsky. Far from being lost in the glitter and tinsel of an elegiac tribute to one unrepentant con man who beat the system at its own game, Resnais

keeps the protagonist firmly in place and in context, and directs the glances of the elegiac apparatus, like one of those who beat the system at its own game, Resnais

than design, it seems, strike an appropriate not of parody, as when the playwritibz Makudov, after drinking to neutralise his anger at the censorship of his play, finally encounters the wispy blonde he's glimpsed in the streets and makes an impulsive declaration of (not too ludicrous) romantic love. And Makudov's portrayal of Christ as a good-natured simpleton is to both Stavinsky and his era seen from the outside, the better to emphasise the peculiar spec-

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SOLVAY GROUP

Main Data extracted from the Annual Report for the year 1974

1. COMPARISON OF SALES TO EXTERNAL CUSTOMERS, CASH FLOWS AND RESULTS.

	1970	1971	1972	*1973	*1974
Consolidated sales to external customers	42 024	45 226	51 994	63 796	73 391
Cash flows	6 227	6 344	7 183	9 417	11 606
Depreciation	4 153	4 936	4 931	6 228	6 387
Appropriation to the inventories adjustment fund				656	2 325
Consolidated net profit	2 074	1 948	2 252	2 533	2 874
Applicable to the Solvay Group	1 886	1 671	1 666	2 054	2 371

In 1974, the Group's sales developed in an initially favourable, though very inflationary, economic situation. The effects of recession began to be felt in the second half of the year, and this attenuated the first half-year's very satisfactory results.

These factors were reflected in sales to external customers, which rose by 23%, and in the consolidated net profit, which increased by 17%. This year, there were B.Fr. 1,033 million of exceptional charges, instead of exceptional profits of B.Fr. 133 million in 1973.

2. COMPARISON OF STATISTICS.

	1970	1971	1972	1973	1974
Capital expenditure	8 210	10 201	7 531	6 406	6 580
Research expenditure	1 101	1 231	1 403	1 633	1 911
Personnel expenditure	11 466	12 928	14 938	17 366	19 702
Sales per person employed	979	1 035	1 163	1 441	1 763
Net profit per fully paid-up share	280	240	240	256	341
Net dividend per fully paid-up share	155	155	160	170	185
Persons employed at December 31	42 914	43 716	44 701	44 274	44 467

3. DISTRIBUTION OF EXTERNAL SALES BY MAIN PRODUCT GROUPS.

	%
Alkalies and derivatives	23.5
Salt, fertilizers and calcium products	9
Chlorine and derivatives	10.5
Peroxygen chemicals	6
Plastic materials	24
Plastics processing	15
Sundries (including products of the pharmaceutical industry)	12

4. RESEARCH AND DEVELOPMENT.

The total research expenditure of the Group amounted to B.Fr. 1 911 million against B.Fr. 1 633 million in 1973, up 17%.

The research staff was maintained at the level of about 2,000, split between the Central Laboratory and the research centres in the Group's factories.

5. SOLVAY & CHE SOCIETE ANONYME.

The net profit for the year amounts to B.Fr. 1 853 million, a 20% rise compared with 1973.

The Board of Directors decided to propose to the General Meeting on June 9, 1975 to distribute a net dividend of B.Fr. 185 per fully paid-up share, i.e. B.Fr. 18 more than for the previous year, and to appropriate the available profit, which amounts to B.Fr. 1 884 283 700, as follows:

Net dividend of B.Fr. 185 per A and B share	1 182 965 800
Net dividend of B.Fr. 75 per C share	102 570 650
Withholding tax on dividend	321 381 815
Investment reserve (Spain)	44 730 000
Carried forward to next account	222 624 685

By the beginning of June, copies of the English version of the Company's Annual Report including the detailed accounts for 1974, will be available on request from Solvay & Cie, S.A., Secrétariat Général, rue du Prince Albert 33, 1050 Brussels (Belgium).

For the calculation of the 1974 results, material consumptions have been valued according to the "Last in, First out" (LIFO) method, which gives the production costs more actuality and eliminates the fictitious part of profits. Results of 1973 have been adjusted so as to be comparable with those of 1974.

WORLD TRADE NEWS

U.K.-Moscow talks fix new areas of co-operation

MOSCOW, May 22.

BRITISH and Soviet Ministers have said that talks in Moscow this week have pinpointed new areas of possible economic co-operation and confirmed prospects for a considerable growth in trade between the two countries.

At the same time, British delegation sources said that it had emerged from the discussions that British firms were in an advanced stage of negotiations on contracts worth up to £30m.

The British side at the talks, formally a session of the Joint Commission on Economic Co-operation, was led by Trade Secretary Peter Shore and Soviet Deputy Prime Minister Vladimir Kirillin.

Among projects discussed this

week, according to a communiqué, were the building of a low-pressure polyethylene plant, of oil and gas deposits off the timber and pulp complexes, and northern coast of the Soviet Union. Industry sources said that British Petroleum is understood to be involved in these negotiations.

Industry sources said that it is understood that Rio Tinto-Zinc is negotiating with the Russians for the building of the pilot plant at the Udekan copper deposits north of Lake Baikal in Siberia.

But British officials are known to hope that if this contract were

landed it could lead to British participation in the construction of a huge mining complex at Udekan in the early 1980s and priborotorg, a company spokesman said. Delivery times have

been agreed yet, he added.

Also discussed this week was Reuter

GATT inquiring into textile restrictions

BY DICK WILSON

COMPLAINTS AGAINST the exports had been frozen at their EEC and Australia of alleged old levels. The new "offer" by the EEC included a wider range of products to be put under restraint than had figured in the old agreement on Tariffs and Trade, comprising eight annual growth. Moreover, the national quotas were unfair, since countries accounting for three-quarters of the EEC population were to accept only one-third of the total Pakistan quota for the EEC as a whole.

The EEC did not immediately respond to the allegations, reserving the right to rebut them in the TSB sessions now in progress at Geneva. Negotiations are in train with other suppliers of the EEC market, notably Hong Kong, Korea and Japan. Pakistan is jibbing at the quotas offered and also at the mandatory consultation required by the MTA.

Meanwhile, the case against Australia has been almost unanimously settled in the GATT Textile Committee, and formal consultations with Canberra are demanded by her major trading partners. Despite sympathy with Australia's trading balance problems, there is universal condemnation of the way in which the Australian Government has chosen to deal with them, notably by imposing a new apparatus of tariff quotas to keep out textiles not merely from low-cost suppliers in Asia but also from Europe and the U.S.

Despite its teethless problems, the MTA is attracting new members. Bulgaria, whose case has aroused unexpected controversy because of West European insistence that the Socialist states of Eastern Europe must not acquire any GATT privileges through the back door of the MTA.

No one expects a resurgence of the international textile trade this year. But in anticipation of a recovery by next year the textile exporting countries seek to have reasonably liberal guidelines laid down this year. That was why they signed the MTA after months of strenuous negotiations at the end of 1973.

Singapore seeks Arab backing

BY CHARLES SMITH, FAR EAST EDITOR

THE GOVERNMENT of "confident" that Japanese support Singapore is hoping to obtain for Singapore's economic development would be reflected in the assistance from the (Japanese) \$800m. petrochemical complex Export-Import Bank and Overseas Economic Co-operation association with Sumitomo Fund.

The Singapore petrochemical complex, which forms the nucleus of Mr. Lee Kuan Yew's strategy for involving Japan in the Republic's economic development, was Singapore after visiting the U.S. and attending the Commonwealth Conference in Jamaica.

Mr. Lee, who has been in Singapore since Monday night, has had talks with Japanese Ministers on the "post-indo" it now seems, however, that China's balance of power in Singapore would like one or more Arab Governments to take half its 30 per cent share.

He has also taken the opportunity of stressing the importance of giving the Arabs 25 per cent of the project with another 35 per cent for Singapore and 50 per cent for Sumitomo. The percentages refer to the ethylene

plant will use naphtha supplied by the existing Singapore refinery but those in turn depend on crude oil imported from the Gulf. The involvement of Arab finance in the Singapore project could form part of a more general adjustment of Singapore's foreign policy, including the loosening of links with Israel.

Singapore is asking for Japanese involvement in its petro-chemical project at a time when Japan's interest in foreign investment is at a fairly low ebb and when the market for petro-chemical products is not particularly buoyant. As one instance of this, Mitsubishi Corporation and Mitsui and Co., Japan's two largest trading companies, now appear to have shelved plans for a petrochemical complex in Korea.

In asking Japan to push ahead with the Singapore project, however, the Singapore Government can bring some powerful arguments to bear. One involves Singapore's strategic position on the Malacca Straits which are a vital route for Japan's oil supplies from the Middle East. Singapore is taking a more liberal attitude to the passage of tankers through the Straits than either Indonesia or Malaysia, both of which are considering the imposition of a maximum tonnage ceiling.

The Indonesians are reportedly thinking of closing the Straits to tankers over 180,000 tons, whereas Malaysia favours a ceiling of 300,000 tons. Singapore's proposal, which could affect the outcome of the debate on the Malacca Straits, is that tankers should be allowed to pass provided they have been specifically insured for passage through the Straits.

The Singapore complex would be the first major petro-chemical project in South-east Asia, and would have a capacity approximately equal to the present South-east Asian market for its products. If the scheme proceeds on schedule, a joint venture company should be formed by the end of this year, with the plant coming on stream in 1979.

REDISCOUNT RATE REDUCED BY 1%

By Our Own Correspondent

The Monetary Authority of Singapore has announced a 1 per cent reduction to 8 per cent per year in the rediscount rate for export and pre-export usance bills from May 22. Banks negotiating such bills will not be allowed to charge more than 11 per cent as commission, enabling exporters to receive finance at not more than 7 per cent against a prime rate of 8%.

Lowering the rediscount rate, the Authority said, will make the rediscounting scheme attractive to banks and exporters and promote exports.

Philippine exports

Britain was third largest importer of Philippine goods in January-March. Japan has overtaken the U.S. as the Philippines' main market, buying U.S. \$251m. or 42 per cent of all exports. The U.S. imported \$147m., or 25 per cent of the \$600m. total. Britain's \$31m. lifted it from fifth place in 1974 to third.

Export Contracts

BRITISH ROPES will manufacture £500,000 worth of steel wire rope anchor lines for the offshore industry for Viking Jersey Equipment, Rotterdam. The eight ropes are for the pipe laying barge Viking Piper. Each is 12,500 feet long and 3 inches in diameter.

PYE TVT will supply two television transmitter stations worth £1m. for the Northern Central state of Nigeria.

FLESSEY AVIONICS AND COMMUNICATIONS will build further airborne uhf/vhf radio systems and radar transponders for Lockheed Aircraft Services, raising to £1m. the total of such equipment supplied by Flessey.

BRITISH TIMKEN has orders for railway components worth £1m. from Greece, New Zealand, Sudan and Turkey.

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EUROPEAN NEWS

Soares delivers resignation threat to AFM

By JANE BERGEROL

PORUGAL'S SOCIALIST party will resign from the Government if the ruling Armed Forces Movement does not satisfy Socialist demands for participation in solving the country's most urgent political and economic problems. This was the ultimatum delivered by Dr. Mario Soares last night to President Costa Gomes and made public here today.

For the first time since the elections gave the Socialists a leading 38 per cent. of the country's votes, Dr. Soares has come into the open and posed the vital questions facing Portugal today. Among them, as he outlined them this morning, are the kind of Socialism Portugal wants for itself, freedom of the press, the future of Angola, Madeira and the Azores, the pressing economic crisis, the future of the nationalised sector and the place for private enterprise in Portugal.

The Socialists clearly have every intention of carrying out their threat to resign. Meanwhile, the two Socialist Ministers are boycotting Cabinet meetings, including the one being held here this afternoon. Significantly, despite rows in the past, the Socialists have broken from taking themselves outside Government. If they have now changed their tune, observers are wondering if it is because indications that the military are preparing an all-military Government of national emergency are now hardening into certainty. Such an all-military Cabinet

is the ultimatum delivered by Dr. Mario Soares last night to President Costa Gomes and made public here today.

Details of the proposed new arrangement have yet to be worked out, but the Commission is envisaging the creation of a joint committee that would consult on economic matters and promote joint industrial ventures. The Commission is also extremely interested in negotiating some kind of assured access to Canadian energy sources and raw materials, such as forest products, metals and uranium.

Shelepin quits as trade unions chief

Mr. Alexander Shelepin's fall from grace was completed yesterday with the announcement by the Soviet news service Tass that he had resigned as head of the Soviet trade unions, writes David Lascelles. Like his departure from the ruling Soviet Politburo last month, yesterday's resignation was said to have been at his own request. However, this seems highly unlikely. Soviet leaders have always been tenacious about power.

Also, the failure to announce a successor to the trade unions post suggests that the Kremlin is now facing a dilemma. The storm surrounding Mr. Shelepin's recent trip to Britain, where part of the trouble was that he had never been a real trade unionist, would seem to demand a successor with the proper qualifications acceptable to Western trade unionists.

Community jobless

Unemployment has eased slightly in most EEC countries, according to figures compiled for April by the Brussels Commission, but in Britain, excluding Northern Ireland, unemployment rose by more than 131,000 between March and April to a little less than 900,000. The Northern Ireland figure was up 34,288 to a little more than 40,000.

However, the U.K. rate, at 4 per cent., was still the lowest of any Community country, writes Reginald Dale from Brussels.

French output down

French industrial output in March was down 3.4 per cent. on the previous month and 9 per cent. lower on a year-to-year basis, writes Robert Mauthner from Paris. The National Institute of Statistics figures, however, do not represent the real trend, since they are badly distorted by the effects of the long Renault strike. Most experts expect a resumption of economic activity in the second half of the year.

Mediterranean ban

Japan is considering revoking permission to Japanese tuna fishing boats operating in the Mediterranean if they do not observe its ban on fishing during May 21-June 30, the Japanese Fishery Agency said yesterday.

Bon 'Concorde' Bill

In what may be another blow to prospects for Concorde and its Russian Tupolev competitor, legislation has been prepared to ban supersonic civilian aircraft from West German airspace. AP-DJ reports from Bonn. In a written parliamentary reply, the Air Traffic Ministry said a draft Bill would be introduced soon.

SOVIET CAMPAIGN AGAINST DRINK

Workers drunk as lords

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

SOVIET party officials in the Tula region have a way with habitual drunks. The periodical "Journalist" reported this month that workers who cannot resist alcoholic temptations are taken in hand on pay day and delivered straight to their wives. The procedure, the periodical remarked, demanded the maximum tact, but it was necessary because absenteeism due to drunkenness was rising.

Unlike crime, which is usually said to be falling, drunkenness is one of the few serious social problems that get an airing in the Soviet Union. Almost daily the Press or broadcasting have something to say about it, and it is probably why the matter is so well known abroad. But while the size of the problem may be gauged from the number of regulations to curb it, and institutions like the Motor Inspectorate, road accidents caused by drunk drivers increased by 10 per cent last year.

What can the Soviet Government do about it? Visitors to Moscow will have heard of the city's efficient chain of sobering up stations. But though drunkenness is still frequently treated as irresponsible behaviour which a cold shower and a stiff fine will put right, more lasting measures have also been tried.

In the last few years the times and places for selling vodka and other strong drinks have been restricted, and the production of very strong brands of vodka halted altogether. At the same time planners were told to reduce vodka production in favour of wines and beer.

The centre concludes that the Russians are the world's heaviest drinkers both of spirits and of intoxicating liquor in general. Expressed in alcohol contents, the average Russian of drinking age down six litres annually, followed by the French and Americans who get to 4.1 litres each. Also, the Russian's consumption is rising faster, by 5 per cent. a year against an average of 3 per cent. in 1963.

This enormous flood is taxed, yielding some 10 per cent. of all state revenues and more than a third of all taxes paid by the population. In money terms this means that alcohol tax more than the total official Soviet defence budget. In 1972, the last year when both figures were available, alcohol tax yielded 30.6bn roubles, against 17.9bn.

On the other hand, the social and economic cost to the Soviet Union of alcoholism is said to be very great. According to a Soviet demographer it may outweigh revenues from the sale of alcohol, making the Soviet economy the net loser despite the steady increase in alcohol taxes. Soviet experts have also noted unduly high male mortality in some age groups for which they say alcoholism is partly responsible.

Drink is blamed for poor labour productivity, divorce and violence. Car ownership has brought with it the new evil of drunken driving. According to the chief of the Motor Inspectorate, road accidents caused by drunk drivers increased by 10 per cent last year.

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Your health? No! says a Soviet anti-alcoholism poster. could be confined for up to two half a litre, an increase of a third since December 1971. In restaurants it costs much more.

Regulations have been introduced to curb illegal distillation of samogon which is produced mainly in the countryside and could amount to over 1bn litres a year. The legal production of vodka is reckoned to be just under 100m litres.

And lastly, prices have been put up, perhaps the most controversial of all the measures taken so far. The price of vodka and most other strong drinks is dependent on alcohol taxes. There is bound to be resistance from the Finance Ministry to sharp cuts of alcohol

but the failure of these measures to make much impact may be gauged from the most recent statement just over a year ago by the Russian Federal Comptroller (the largest republic in the Soviet Union). Under one of its decrees, chronic drinkers will be subjected to compulsory treatment and "rehabilitated through labour." The decree also ordered the establishment of medical-labour institutions where culprits

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Syria renews UN mandate

BY RICHARD JOHNS, MIDDLE EAST EDITOR

IN WHAT appears as a surprising show of moderation, Syria yesterday announced its agreement to the extension of the UNDOF mandate for the UN Disengagement Observer Force manning the ceasefire line on the Golan Heights for another six months until the end of November.

This prolonged mandate compares with the one currently approved by Egypt for the U.N. presence in Sinai, which is valid only until the end of July, and also the deliberate brinkmanship that preceded the eleventh-hour assent given last November by Damascus for the continued presence of the 1200-man force until the end of this month.

At one level Syria's decision should probably be seen as reflecting its continuing differences with Egypt over how to approach a peace settlement, in particular Cairo's reluctance to renounce the possibility of a second disengagement agreement with the Israelis reached bilaterally under U.S. auspices despite the failure last month of Dr. Henry Kissinger's efforts to bring one about.

Also President Assad's government probably has concluded that Syria has nothing to gain for the time being from brinkmanship with Egypt and is clearly unwilling and unable to contemplate hostilities. Since before the June War of 1967 a basic axiom of Damascus-Cairo relations has been that Syria will not risk a military confrontation with Israel without a full assurance of Egyptian backing.

The more conspiratorial theory—that Syria might be attempting to induce a sense of false relief in Israel with a view to a sudden strike—is generally discounted among well-informed diplomatic observers who are also sceptical that it was prompted by Dr. Kissinger's recent talks with Mr. arrest.

"Our decision is to be understood as reflecting our sincere desire to establish peace," said a high-ranking Syrian official. He added: "This is a serious blow to those who always accuse us of being extremist. We want to give the diplomatic peace efforts now going on all chance of success before resorting to other means."

The announcement came as a surprise to Damascus diplomatic circles, who only a week ago were unanimous that Syria was unlikely to extend the mandate for more than two months.

"Our decision is to be understood as reflecting our sincere desire to establish peace," said a high-ranking Syrian official.

He added: "This is a serious blow to those who always accuse us of being extremist. We want to give the diplomatic peace efforts now going on all chance of success before resorting to other means."

The Foreign Ministry had also asked to negotiate with the U.S. Embassy the revision of a 1951 agreement between the two governments with view to closing down the U.S. Aid Mission. At Savannakhet, in the South, student demonstrators are still holding six U.S. aid officials and their dependents under house arrest.

The students have presented a 12-point list of demands, including the immediate dissolution of the aid mission and the expulsion of all its American officials.

Reuter

THE SAUDI Arabian Government announced today a multi-billion-dollar economic development programme designed to turn the desert kingdom into an advanced nation in five years and minimize its dependence on oil as a source of income.

The plan, which will cost a total of Saudi Riyal 498bn. (\$142bn.), aims mainly at the industrial and agricultural sectors.

He said Riyals 48bn. (\$9.7bn.) were allocated for water projects, Riyals 18bn. (\$1.8bn.) for electricity, Riyals 60bn. (\$1.2bn.) for education, and Riyals 73bn. (\$15.5bn.) for health.

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The plan will

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The Department of Public Works of the Emirate of Abu Dhabi invites tenders

for

MINA ZAYED—CONTRACT 20 OUTER HARBOUR BREAKWATER

1. DESCRIPTION OF WORK

a. The construction of a rubble mound breakwater about 2350 metres long complete with precast concrete wavewall and armouring with Tetrapods and Dolosse armouring units including supply, transporting and depositing of the rockfill and armouring, manufacture of concrete armouring and wavewall units.

b. The construction of an island rubble mound breakwater about 1350 metres long complete with precast concrete wavewall at roundheads, and armouring with Tetrapods and Dolosse armouring units including supply, transporting and depositing of the rockfill and armouring, manufacture of concrete armouring and wavewall units.

c. The construction of rock retaining banks to retain materials dredged by others from the basin and approach channel including supply, transporting and deposit of rockfill and armouring.

d. The salvage and re-use of materials from the existing breakwater.

e. The levelling of the existing breakwater to the same level as the surrounding reclaimed areas, following salvage of materials and the disposal of any surplus material.

2. TENDER DOCUMENTS

Obtainable from either:

a. Sir Alexander Gibb & Partners, P.O. Box 328, Abu Dhabi.

b. Sir Alexander Gibb & Partners, Standard House, London Street, Reading RG1 4PS, England.

3. FEES

Dh. 5,000/- (Dirhams—Five Thousand Only)—payable to the Cashier, Department of Public Works. This amount is non-refundable and must be paid in cash.

4. SUBMISSION OF TENDERS

In triplicate, each copy marked "Original," "Duplicate" and "Triplicate" and placed in a sealed envelope marked "Mina Zayed—Contract 20—Outer Harbour Breakwater" together with the

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London Letters of Allocation WILL ONLY be accepted by the LONDON BANKERS to the issue from an Authorised Depository in the United Kingdom.

By order of the board,
C. E. WENNER,
H. J. GREEN,
Joint London Secretaries.

LONDON BRICK COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE TRANSFER BOOKS AND REGISTER OF MEMBERSHIP WILL BE CLOSED ON 17TH JUNE 1975.

2. THE TRANSFER BOOKS OF THE 1974 STOCK FOR THE YEAR ENDING 31ST DECEMBER 1974 WILL BE LEFT OPEN ON 17TH JUNE 1975 FOR THE PREPARATION OF THE ANNUAL STATEMENT AS AT 31ST DECEMBER 1974.

3. REPORTS OF THE BOARD OF DIRECTORS, THE ANNUAL STATEMENT AS AT 31ST DECEMBER 1974 AND THE AUDITED ACCOUNTS FOR THE FINANCIAL YEAR 1973/74 WILL BE PRESENTED AT THE AGM WHICH WILL BE HELD ON 17TH JUNE 1975.

4. By Order of the Board,
F. HAYNES Secretary

Registers,
The George Agency & Trust Limited
100 Southwark Street,
London SE1 0JA.

HOME NEWS

No import duty on Japanese cars yet

BY RAY DAFTER

THE DEVASTATED chemical plant at Flixborough, near Scunthorpe, is to be rebuilt at a phenol route rather than cyclohexane, the material involved in the explosion which killed 28 men a year ago.

Nupro (U.K.) announced its decision last night, prompting immediate support from Transport and General Workers' Union. The company—jointly owned by the National Coal Board and Dutch State Mines—said it was acquiring the sole domestic supplier of secondary employment is taken into consideration, the rebuilt plant would enable the caprolactam an important ingredient for many synthetic fibres to be spaced at even greater distance than before.

This emerged last night after talks at the Department of Trade between Mr. Eric Deakins, junior Trade Minister, and senior officials of the Society of Motor Manufacturers and Traders.

In a formal statement on the meeting, the DoT said it would give "very careful consideration to the application." But until the discussions with the industry were complete it was "not proposing to introduce a provisional charge to duty at this stage."

It is clear from the statement that the British industry still has some way to go in convincing the DoT that it should go ahead with an investigation of its case. This may be partly due to the shortage of time since the SMMT lodged its case just over a week ago, although the SMMT case is also believed to be somewhat complex.

If the DoT accepts an application for formal investigation, it can either impose an immediate duty or wait until the inquiry is completed. A decision for an immediate duty—a sort of deposit which can be reimbursed if charges are not proved—implies a strong prima facie case in favour of the applicant.

Subsidised

The Government has evidently not taken this view of the SMMT's evidence, which is based on the claim that Japanese cars appear to be subsidised in their own market since prices did not match the rate of wage inflation last year despite falling production.

Nor has the Government decided yet to proceed with an investigation, though it may well agree to do so after further talks.

It was not clear last night whether the DoT will want to talk with Japanese importers as well as representatives of British industry.

However, the importers—who are also members of the SMMT—are growing increasingly anxious to meet the Government. In the past few days the main importing companies, Dabur and Toyota, have become openly critical of the SMMT for failing to discuss the evidence it has presented to the Government.

None of the importers claims that the differences have narrowed, with the recent document Toyota, Datsun and Mazda all complained yesterday that it was impossible to refute the case against them when they did not know what the arguments really were.

Fall in car output

U.K. CAR production in the last three months has fallen by 17 per cent., and commercial vehicle output by 9 per cent. compared with the previous quarter. But sales of motorcycles have continued to rise.

Car production for exports has been particularly disappointing on the quarterly basis. It fell sharply by 17 per cent. against a fall of 10 per cent. for home market production, according to Department of Industry figures.

The figures for Scotland underline the considerable impact which has already been made on the economy by the new developments. Over the past year, the level of unemployment there has risen. But the increase, from 81,000 to 98,700 in the seasonally adjusted total of unemployed, excluding school-leavers and adult students, represents a relatively modest rise of around 22 per cent.

Pressure

This compares with a rise of some 49 per cent. for Great Britain as a whole. At the same time, the general sharp decline in the number of job vacancies available has hardly affected Scotland. The number notified to employment offices this month was 19,320, not many fewer than 20,262 available a year ago.

Over the past month, the changes have not shown much variation from one area to another. For Great Britain as a whole, there was an overall 0.3 per cent. rise in the unemployed. Only Northern Ireland, not included in this figure, showed a bigger rise of 74 per cent. over the year.

West and East Midlands, between 40 and 49 per cent. respectively, increased more rapidly than the national average, with 54 and 55 per cent. respectively.

The changes over the past year indicate that the main pressure is for the normally easy work has been felt in the Midlands South-East region, where un-

Nupro to spend £30m. on new Flixborough plant

BY RAY DAFTER

THE DEVASTATED chemical plant at Flixborough, near Scunthorpe, is to be rebuilt at a phenol route rather than cyclohexane, the material involved in the explosion which killed 28 men a year ago.

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This emerged last night after talks at the Department of Trade between Mr. Eric Deakins, junior Trade Minister, and senior officials of the Society of Motor Manufacturers and Traders.

It is estimated that the project will provide direct employment for at least 450 people. When the plant will be built, the long-term interests of the chemical industry world-wide" said Nupro, particularly the engineering which had applied for planning permission to build a plant structure of the company had been strengthened. A fully qualified chief engineer had been

The rebuilding programme will provide jobs for up to 1,000.

Nupro emphasised that as a result of the change of process no great quantities of flammable organic liquids would be produced at elevated pressure and temperature.

The layout will be in accordance with the best current comments and criticisms contained in the official report on the disaster. The organisation which would result from matching the size of the work force to the size of steel demand.

The consumers insist that steel users should not be expected to subsidise over-manning at the BSC via the prices they have to pay.

• The Iron and Steel Trades Confederation, the biggest manual workers union in BSC yesterday decided to throw its weight behind Monday's strike.

The council was referring to yesterday's report that Mr. Bob Scholey, the British Steel Corporation's chief executive, had disclosed that an all-round price increase was to be sought shortly.

But a statement from the corporation yesterday said it would only be possible to put up prices when market conditions improve.

In the meantime it would do full-weight behind Monday's strike.

After a detailed discussion, the iron and steel executive decided to urge all members "to observe the corporation declared.

While welcoming this state of affairs, the Consumers' Council reached.

This is the price Walton paid when it bought the course from Mrs. Mirahel Topham in April last year. Mr. Davies now feels that with the present state of the property industry, high building costs and high taxation, Aintree does not fit into his plans.

Walton approached Mr. McCrea, a rival bidder for Aintree on the previous occasion, only a few weeks ago, and the deal was soon agreed.

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HOME NEWS

J.S.J. in its

Vermouth sales boom expected to continue

By Kenneth Gooding

VERMOUTH SALES in the U.K. can be expected to continue their fast growth rate in spite of the post-budget decline in most other drinks.

The view comes from Saccone and Speed, the wine and spirit offshoot of the Imperial Group, which has been for the past two years looking for another major brand with good growth prospects.

It has decided to launch into the £70m-a-year vermouth market with the Riccadonna brand, second best seller in its native Italy and currently on sale in 80 countries including the USSR.

The wine based aperitif market in Britain is now significantly larger than the whole of the Spanish sherry market and showing healthier growth.

Last year Spanish sherry sales slipped 12 per cent while those of aperitifs jumped 35 per cent.

Mr. David Gordon Smith, director of brand marketing at Clode Baker and Wyld, the new agency division of Saccone and Speed, estimates that the aperitifs will show a growth rate of at least 10 per cent a year for some years.

Drive in SE

Around 5.5m. cases (of 12 bottles a case) of vermouth are sold in the U.K. Saccone reckons that in four years this will have risen to 7m. cases and its brand will be selling 500,000 of them — or 7 per cent.

In the first year Saccone will be spending £200,000 on advertising support for the Riccadonna brand — fairly modest in the context of the £2m. spent by Martini. The main drive will be in the South East where the bulk of vermouth is sold.

Saccone says vermouth appears to be being drunk regularly by a wider age group than most other drink categories, and with less bias towards any single social class.

But women predominate as regular consumers and particularly the middle-class 18 to mid-30s age group.

Riccadonna has been on the U.K. market for some years and was previously handled by the F. S. Matta agency which is a Becham subsidiary.

Matta has concentrated mainly on establishing Campari in the U.K. and took the view that Riccadonna would have been a rival to that product.

In Italy, Riccadonna is said to account for 25 per cent of the market. It is produced by a privately owned family concern employing 300 people.

Dr. Ottavio Riccadonna, the managing director, estimates that his company is valued at around £5.7m. and has a turnover of £10m. a year in vermouth and sparkling wines.

Engineering orders show signs of levelling out

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

NEW ORDERS for the engineering industry, after falling steeply in recent months, showed signs of levelling out by February, according to the latest provisional trend estimates from the Department of Industry.

The total of new orders, however, eased down for the eighth consecutive month. There was a decrease of 1.3 per cent in the way to recession by February.

The Department of Industry said yesterday that when price increases were large as they have tended to be recently—the various problems associated with the revaluation of the values of engineering sales and orders to constant prices "become more acute."

Because of these difficulties, the relative accuracy of the volume estimates "is likely to have been reduced in recent months."

Ministers undermining authority—Caldecote

BY MICHAEL CASSELL

SOME GOVERNMENT Ministers the nation better, but that would come only from a clearer indication that the Government recognises the value of the private sector and from "sensible, moderate policies."

Lord Caldecote, chairman of Dens Metal, claimed in London yesterday.

He told the company's annual meeting that industry wanted to co-operate with government more than ever at "a time of national danger and distress."

But when Ministers whose job was to support and encourage industry, spent their time undermining the authority of those running it and casting doubts on their intentions, co-operation of any kind became virtually impossible.

Industry, he continued, desperately needed the encouragement and re-establishment of confidence to enable it to serve to control it.

Plastics industry seeks curb on Japanese cars

BY RAY DAPTER

THE PLASTICS industry has been urged to press for anti-dumping duty on imported Japanese cars.

Mr. Ron Lewis, president of largest automotive company has called for pressure from assistance from public funds and members. He said that the U.K. rest of the motor industry imported Japanese cars contained and its component suppliers—in more than £2m. a year plus including the plastics industry—were suffering.

This represents a substantial loss of business to the U.K. industry. It was pointed out that each British car contained 35 kilos of plastic on average, whereas imports in cars between the U.K. and Japan was some £150m. last year, kios each.

'Solvency our only salvation'

Financial Times Reporter

A call to the 50,000 members of the Association of British Chambers of Commerce to use their collective strength "to secure a sound economic policy" came yesterday from the Earl of Limerick, the ABCC's president.

Echoing the recent warnings by Lord Watkinson of a revolt within British industry if present policies were continued, Lord Limerick said: "When 50,000 turn in the same direction, they can move a mountain of earth."

With sales outrunning orders, the statistics, published in Trade and Industry magazine, continue to indicate that the engineering industry was well on the way to recession by February.

The 4 per cent. drop in home new orders was largely offset by an increase of 5 per cent. in export new orders.

The Department of Industry said that order books, although below the levels of mid-1974, were still high for engineering as a whole.

Studies are being made, however, to see just what the possible directions and magnitudes of any biases might have been and there could be alterations to the trend estimates later.

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LABOUR NEWS

Electricity manual workers accept 31% wage increase

BY ROY ROGERS, LABOUR CORRESPONDENT

THE 105,000 manual workers in offer of increases totalling 20 per cent at the top and 31 per cent in favour of a cent at the lower end of the pay scale, which under the offer would have gone to £2,600-£2,130.

They voted 66,000 to 22,000 in a secret ballot, the result of this is made up of 16 per cent "new money"—the same percentage as the manual workers—plus £4 a week threshold payments consolidated in November.

Despite lengthy negotiations between the EPEA and the Electricity Council earlier this week, the proposed settlement—which was immediately concluded between the unions and the Electricity Council.

The agreement gives "new money" increases of £5.50 a week for unskilled workers, at which a revised offer was £6.50 for semi-skilled and £7.80 for craftsmen at a cost of 16 per cent or £45.46m. on the industry's wages bill.

When added to an agreement last December consolidating £4 a week threshold payments and some bonuses, the deal takes average earnings 31 per cent above the £46.34 level established a year ago.

Unless agreement is reached to-day, the EPEA executive is to send ballot papers out to members to vote on asking for a one-day strike to call strike action if necessary to defend differentials. The ballot result is expected on June 8.

Those employers who still

were accused yesterday by Mr Len Murray, TUC General Secretary, of hysteria over Government proposals for disclosure of industrial relations information.

Mr Murray told the annual conference of the Inland Revenue Staff Federation at Folkestone: "It seems to me that the CBI and City are hardly in a rational frame of mind so far as disclosure of information under the Industry Bill is concerned."

"When people get emotional—hysterical even—as the CBI is doing about the information provisions in the Bill, you wonder what the underlying reasons for this hysteria are."

The best and most sensible employers were already providing much information to trade unionists—but the backwoodsmen were not and were not likely merely to respond to CBI requests.

Was it seriously being suggested that trade unionists could not be trusted with information when merchant bankers and lawyers could? This was the argument that information gave power and that the trade unions had too much already?

Men at other companies were meeting later to discuss what course to take.

ACTT called for a strike from 6 a.m. to 10 a.m. on Monday in support of its demand for back pay it claims was due at the end of the wage freeze.

The companies have rejected the £800,000 demand and say that if the strike takes place there can be no resumption of work until the union formally drops its claim.

Mr Alan Sapper, general secretary of ACTT, said last night that the membership had overwhelmingly voted for the strike more than a week ago,

and if some men now decided otherwise, "they are going against the democratic decision by a majority."

Mr Sapper said that he had the support of Post Office engineers who man independent television transmitters, but did not rule out the possibility that some pragmatism might give out.

The employers had no comment last night, except to say that the situation was not clear, and that it was difficult to predict what would happen over the weekend until technicians turned up for work or not.

Mr Sapper would not say how he planned to deal with any rebellion.

Technicians split over ITV strike to-day

BY OUR LABOUR STAFF

SOME MEMBERS OF the Association of Cinematograph, Television and Allied Technicians rebelled yesterday against their union's decision to black out independent television programmes by strike action over the weekend.

Some companies may be able to broadcast as a result.

Technicians at London Weekend, Tyne Tees and Independent Television News said that they did not agree with the strike, and would work as usual.

Men at other companies were

meeting later to discuss what course to take.

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The companies have rejected the £800,000 demand and say that if the strike takes place there can be no resumption of work until the union formally drops its claim.

If this prediction is correct, it would produce rises totalling between £20 and £22 a month between the end of this month and the beginning of next year, when the union's next pay deal is due to come into force.

This would mean that during

To-day, the conference will be asked to give the union's executive authority to lodge a new wage claim early next winter with the intention of it coming into operation on January 1.

The wage pact gave them a rise of 10 per cent, plus threshold payments and it is from this threshold clause that the extra money in the last seven months of this year is expected.

The executive tells the 1,600 delegates in a report seeking room for manoeuvre, "To try to forecast the future at this stage is not possible. Events are moving fast. The rate of inflation shows no sign of slackening and the economic and political situation is uncertain."

The conference agreed yesterday from the beginning of October anyone who started work at the Post Office as a telephonist, postman, sorter or counter clerk would have to join the UPW. But the few thousand men and women already in these jobs who are not members of the union will not be compelled to join.

UPW leaders secured full backing for the policy and now say they will be in a position with the Post Office management on these lines when the Government's Trade Union and Labour Relations Bill becomes law.

ENGLAND & WALES

TELEGRAMS

TELEPHONES

POST OFFICE

TELEVISION

MANUFACTURERS

INDUSTRY

Sandy McLachlan

The Co-op tries again for more co-operation

ON TUESDAY the Co-operative movement opened its 10th superstore at Falsworth, near Manchester, and apart from registering yet another step by the Co-op along the hard road to modernising its retailing image, the Falsworth store also represents a new departure. The 60,000 square feet store is the first to be built by a development agency whose shareholders include a number of individual retail societies in partnership with the Co-operative Wholesale Society.

The CWS is meeting half the bill for the new store and, in return, it has handed the design and building and will be the biggest single shareholder in the enterprise with 30 per cent. of the equity. The other shareholders in South East Lancashire Development Agency (SELA) are 13 local Co-op societies, all of which can expect their existing businesses to be affected to some degree by the new store.

Finances

These co-operatives within the Co-op movement—another two exist to build stores in the East and West Midlands—represent an important step towards centralisation of the movement. For years the idea of a merger between the CWS and the Co-op Union (which is the movement's central co-ordinating body) has been under discussion as have plans to reduce the 230 or so individual societies to 26 regional groupings, but so far little of concrete importance has been achieved. Both subjects will be discussed again at the annual Co-op Congress (the movement's

"Parliament") which starts next week in Edinburgh.

The de facto identification of common interest therefore is making most of the running for the time being, and a lot of people within the Co-op movement are pleased that developments in retailing methods are contributing towards this end. Only the biggest of the individual societies can hope to develop supermarkets on their own, since only they have the financial resources required and a big enough territorial spread not to damage the business of other societies by pulling away trade from existing town centre locations to new and considerably cheaper off-centre sites.

The need for a closing of the ranks within the Co-operative movement is one which has been widely recognised by at least the majority of the people involved. Although the Co-op is still a social and political animal and clings jealously to these aspects of its activities it is primarily a trader, and as such it has to compete in the market place with efficient and aggressive multiple retailers who are able to control the operation of their retail outlets in considerable detail from a central head office.

In contrast to companies like Sainsbury and Tesco there is no single central power concentration within the Co-op movement. The CWS, which bills itself as the country's tenth largest business, has the financial muscle-power and the expertise to reform the Co-op's retailing image and to bring it into line with modern day requirements. But the CWS usually relies on persuasion—usually

of a commercial nature like industrial marketing strategies, financing, and discounts to persuade retail societies to fall in with its plans.

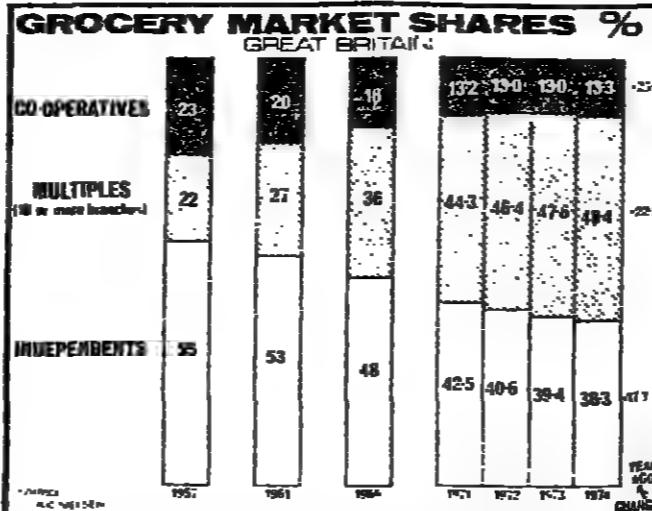
To this extent the CWS acts very much in the same way as a voluntary group head office. The parallel is not exact however since in the final analysis the CWS is owned by the retail societies which it is trying to influence.

The Co-op Union, on the other hand, is a parliament without power or executive authority and has no real method of implementing decisions which are taken at Congress. The net result is a movement with two voices—although close cooperation between the CWS and the Union often manages to get the voices talking in unison—and a good deal of duplication of effort.

The almost federal structure of the Co-op movement and consequent lack of strong central direction has been sadly reflected in retail trading results. The CWS operating as a commercial venture has grown in strength and in 1974 notched up sales of more than £900m and had a trading profit of more than £1m, but the share of the retail trade held by the retail societies has declined steadily for most of the post-war period.

Slipped

The grocery trade is by far the most important part of the Co-op retail sales, and A. G. Nielsen figures show that between 1961 and 1973 the Co-op share of the grocery market slipped steadily from 20 per cent. down to 13 per cent.



But with substantial non-food ten supermarkets and a further sales as well, ranging from 18 large stores in off-centre drapery and menswear through locations which just miss the electrical goods and hardware supermarket definition on grounds to coal and fuel deliveries and of insufficient size form only one pharmacists, the Co-op movement is still a substantial retailing force. The turnover of the retail stores in 1974 is estimated at around £1.7bn, and the Co-op Union estimates that this means the first gain in market share by Co-ops for the last 13 years.

This gain has not been achieved fortuitously, but by considerable effort on the part of both the CWS and the retail societies to adapt the trading formula to modern needs. The

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op Union estimates that this

means the first gain in market

share by Co-ops for the last 13

years.

But while big stores are being

built many small stores which

are the least efficient in the

movement have been closed.

Between 1972 and 1973 the

number of Co-op retail outlets

fell by almost 900 to 13,500 and

that figure includes 10 new big

stores and a doubling in the

number of specialist freezer

centres in 1973.

The CWS has also given finan-

cial backing to "Operation face-lift" which was a concerted effort to improve the image of the movement.

Regional Plan 2 was first approved by Congress last year, and some progress has already been made towards setting up the machinery by which it can

eventually be put into operation.

Most of the regional group

executives required to implement

the plan have not been set up,

but progress is likely to be slow from now on.

Although the plan is accepted by both the CWS and the Co-op, the path to a national

Union there is a number of

individual societies not keen on

the idea since it will mean loss of independence and they will

protest to its troubles the Scottish

CWS was opposed to any

merger.

The merger has solved that

particular problem, but the

existence of Co-operative Retail

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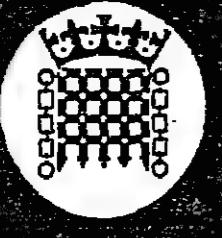
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PARLIAMENT



Wilson recalls Tory record

Show courage in fighting inflation, says Mrs. Thatcher



Steel hands over as Liberal Chief Whip

By Richard Evans,
Labour Correspondent

MR DAVID STEEL, Liberal MP for Roxburgh, Selkirk and Peebles, is to relinquish the post of Liberal Chief Whip immediately after the referendum. Mr Cyril Smith, MP for Rochdale, has been appointed in his place.

The change has been expected for some time because of Mr Steel's wish to spend more time campaigning writing and broadcasting. He will concentrate particularly on electoral reform and Scottish devolution.

Mr Steel, who entered the Commons after a notable by-election victory in 1965, has also been asked by Mr. Jeremy Thorpe, the Liberal leader, to take on specific party tasks from time to time.

Mr Thorpe said last night that he entirely understood Mr Steel's wish to devote more time to political campaigning, but after a five-year partnership his decision would be a great wrench.

"I have no doubt that he will bring as much credit and success to his new role as he did to that of Chief Whip," he added.

Inflation rate 'typing error'

By John Hunt

MRS SHIRLEY WILLIAMS, Secretary for Prices and Consumer Protection, has denied allegations from Mrs. Sally Oppenheim the Conservative spokesman on prices, that she had been trying to disguise the true rate of inflation.

Mrs. Oppenheim had written to her wanting to know how she had arrived at a figure of 28.6 per cent for the annual rate of inflation based on statistics for the first three months of the year. She pointed out that Mr. Robert Maclellan, Under-Secretary for Prices, had later given a higher figure.

In a letter of reply, Mrs. Williams says that Mr. Maclellan's figure of 28.6 per cent was based on nothing more sinister than a typing error. The figure of 25.6 per cent was the correct one.

THE REAL CAUSES of inflation were not economic but social and political, said Mrs. Margaret Thatcher, Opposition leader, opening the Commons economic debate yesterday.

Inflation was caused by governments through rapidly rising public expenditure beyond what the taxpayer could afford, and through groups of people who tried to get more out of the economy than it produced, she added.

Other countries had been able to tackle the problem successfully. There had been a price to pay—a check in growth and a rise in unemployment in some countries, though not all. But while the situation was improving elsewhere, ours was still getting worse.

Mrs. Thatcher warned that unemployment might reach one million before the end of the year. The Government was powerless to do anything about the situation. "All they can do is sit and wait for the world economy to expand, hoping that some increase in business will come our way."

"You cannot build a healthy and lasting balance of payments on a foundation of declining production and runaway inflation."

The fundamental reason for the Government having to borrow too much money was public expenditure, which now amounted to 80p in the pound of the national income.

Mrs. Thatcher was moving a Commons motion that the House was gravely disturbed by the "total failure" of the Government's policies to curb an accelerating rate of inflation.

It urged the Government to abandon its "damaging plans for further nationalisation, to take immediate action to cut public expenditure and to secure a reduction in the level of pay settlements."

The motion said that these were essential parts of a programme designed to restore confidence and promote the economic recovery of the nation.

The Government had no alternative to cutting public expenditure, because it could not get enough from tax and would not be able to borrow enough on a sound financial basis. She urged the Chancellor (Mr. Healey) to implement cuts of £1.1bn. now.

Conservative policy was to bring forward the public spending cuts, reduce some of the

chairs when Mrs. Thatcher challenged which hit us so hard for talk talk talk. This is the challenge which hit us so hard 18 months ago.

The Government is in a position to fight that action if it has the courage and determination. If not, the people will continue to suffer.

Mr. Wilson, replying, said that in the fourth quarter of 1973, under the Conservatives, the visible trade deficit was £700m—an annual rate of £3.9bn. When the oil price crisis arose, the Labour Government faced the prospect of a £6.5bn. trade deficit.

In fact, during the first four months of 1975, the U.K. deficit including oil, had been £572m—an annual rate of £3bn, a substantial improvement on the last quarter of 1973 when increased oil prices had hardly worked through.

Mr. Wilson said the textile industry was going through one of its most violent cyclical depressions. "This depression is the most violent which has hit some of the industries and businesses concerned since 1931. It is world-wide repercussions."

The Government has given the most urgent and careful study to the problem and I hope to make a statement tomorrow about the actions we propose.

"For reasons I will more fully explain tomorrow, I shall not be announcing controls over imports but I shall be informing the House of other action we propose to take which will be of more direct and immediate help to the industry and more appropriate to the nature of the problem."

Mr. Wilson said there was no reason why the process of discussion between the TUC, CBI and Government, which he suggested ten days ago, should not begin soon. When such a system was fully working all the parties involved would be able to consult on economic matters each year.

After listening to Mrs. Thatcher's speech he was no clearer about what cuts she would make in Government expenditure.

RESEARCH on non-traditional species of fish suggested that the blue whiting was the most promising for commercial exploitation. Mr. Fred Pearl, Agriculture and Fisheries Minister, told the Commons yesterday.

It was particularly important to turn the OPEC countries' monetary surplus into extra trade with us. Opportunities were clearly there provided we could shift the necessary resources into exports.

Our trade with OPEC had increased by 40 per cent. The Trade Secretary (Mr. Shore) had reported to him that, while our goods fully met requirements of prices and quality, they fell short on availability and delivery performance.

The improvement in our exports to oil-exporting countries was an essential component of a fair and balanced picture of how Britain was meeting the challenges of the day without too much difficulty. That is his strategy.

Labour MPs joined in Tory

Labour Left-wingers put forward a new clause to give direct power to the unions to require

Borrowing facilities up to \$12.4bn.

BY MICHAEL BLANDEN

THE U.K. has a total of up to \$12.4bn. of borrowing facilities available from various sources to support its official reserves. Mr. Edmund Dell, Paymaster General, told the Commons yesterday.

Mr. Dell, in a written answer, said that it was decided to augment the official reserves—which stood at \$7.12bn. at the end of April—the Government could consider the use of a number of facilities.

Apart from continuing public sector foreign currency borrowing, these included a \$3bn swap arrangement with the Federal Reserve Bank of New York.

The U.K.'s general account at the IMF—excluding the reserve position at the fund, which counted as part of the reserves—was \$3.25bn. The IMF oil facility was \$1.25bn. and EEC short and medium term facilities offered a theoretical maximum of \$5bn.

In addition to these facilities,

Mr. Dell said that if the U.K. remained in the EEC, another possibility would be to take up an external loan raised by the EEC, which had powers to borrow up to \$3bn principal and interest.

These existing facilities, Mr. Dell said, were available on a variety of terms and conditions. They did not exclude the possibility of additional ad hoc arrangements or the development of other multilateral facilities.

THE INDUSTRY BILL clause which requires manufacturing companies to provide information for trade unions was approved in committee yesterday by a Government majority of one (16–15) after Tory protests that it was introducing biased legislation on a grand scale.

Labour Left-wingers put forward a new clause to give direct power to the unions to require

Debate on runaway MP after recess

Wilson bids to allay Left fears on postal votes

By JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. HAROLD WILSON yesterday set himself to allay Left-wing suspicion on the Labour backbenches that the Government had already come to a decision to ensure postal balloting for the election of trade union officials.

"We have not had any collective discussions on this matter since the events over the week report of a Select Committee which recommended the expansion of Engineering Workers," said the Prime Minister at question.

"The debate, based on the recent report of a Select Committee which recommended the expansion of Engineering Workers," said the Prime Minister at question.

"When we see the report of the discussions on the Employment Protection Bill and have heard the views of other people, we shall consider whether there is anything the Government can do in this matter."

Future debates

COMMONS business after the Spring holiday will be:

MONDAY (June 4): Statutory Combinations (Financial Provisions) Bill, second reading; motion to appoint a Standing Committee on regional affairs.

TUESDAY: Finance (No. 2) Bill, committee.

WEDNESDAY: Social Security Pensions Bill, remaining stages; motion for postal balloting to remember the old EEC document on economic policy guidelines.

THURSDAY: Motion on reports of the Select Committee on members' interests; and on the Right Hon. Member for Walsall, North (Mr. John Stonehouse).

FRIDAY: Hare-Cousins Bill, second reading; Lords' business.

MONDAY: Housing Finance (Special Provisions) Bill, second reading; Coal Industry Bill, report; debate on Rolls-Royce RB214 engine programme.

TUESDAY: Scottish Development Agency Bill, committee.

WEDNESDAY: Data Protection Bill, urgent economic and political measures, and on parole system.

THURSDAY: Coal Industry Bill, third reading; Scottish Development Agency Bill; committee debate on European Communities committee report on equal treatment for men and women workers.

Tied cottage legislation

THE LEADER of the House, Mr. Edward Short, said in the Commons yesterday that the Government intends to introduce legislation in the next Parliament session on the important matter of tied cottages.

Mr. Short said: "There is a

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Disclosure clause approved

BY JOHN HUNT

THE INDUSTRY BILL clause which requires manufacturing companies to divulge a wider range of information than is laid down in the Bill. This will be voted on after the Whitstone recess.

In a cautious reply, Mr. Michael Meacher, Under-Secretary for Industry, said the Government was prepared to take some aspects of the new clause. But he emphasised that it was essential that the Secretary of State should be the person to whom the information should be given in the first instance.

He said that it was pointless to stipulate a long list of items which companies should divulge if this merely meant that companies would automatically appeal against an information order in every case.

For the Tories, Mr. Michael Marshall (Arundel) claimed that Mr. Anthony Wedgwood Benn, the Industry Secretary, was using the Bill as the cornerstone of his plan to build his own power base within the Labour party. He described it as biased and inequitable legislation in favour of the unions.

Proposing the new clause, Mr. Brian Sedgemore (Lab., Luton) said: "I am a member of the Left-wing Tribune Group, and the information provisions in the Bill should be the compulsory arm of the planning agreements."

"We believe that information belongs to the trade unions as a right, not as patrimony from the Prime Minister, the Government or the Chancellor of the

Exchequer," he declared. Mr. Sedgemore criticised the Prime Minister for not ensuring that the Chrysler workers received the fullest information at the earliest opportunity. He recalled that Mr. Wilson had had discussions about the company in January with President Ford and with Mr. John Riccardo, president of the Chrysler Corporation.

This information should have been fed through the Government to the workers.

The new clause lists 18 items of information which manufacturing companies employing over 200 people would be required to divulge. It includes capital expenditure, timing and location of future investment projects for seven years ahead, sales, pricing policies (including details of inter-group trading both in the U.K. and overseas), imports and exports, and profits of the company including its subsidiaries.

Mr. Meacher pointed out that it would not be legally possible to obtain information from the overseas branches of multinationals as required in the new clause. But he was prepared to see whether there could be some formula for providing information on future product development and later pricing.

He emphasised that this would have to be done in such a way that it would not lead the appeals committee to refuse to award to these cases. The Government would have to ensure that there would be no damaging



Wilson denies net loss of jobs

MR HAROLD WILSON wriggled a bit but then came down gingerly on the Common Market side during Question Time in the House of Commons yesterday when Mrs Margaret Thatcher, the Tory leader, asked him to reject the contention that members had been lost.

"No one can say that any jobs have been lost," the Prime Minister said. "Some have, equally, jobs have been gained by changes in the movement of trade."

Then the conclusion: "I have no reason to think that the net result has been an increase of unemployment."

The session was enlivened by Mr Brian Sedgemoor, Labour MP for Luton, who unfolded a large orange Say No to Europe poster. For some reason it reminded MPs of Mr Wilson's veto on U.K. membership in 1967, when the Premier had said he would not take "no" for an answer.

He blandly assured Mr John Biggs-Davison (Conservative, Epping Forest) that he would be pleased to have that speech republished.

Earlier Mr Dennis Skinner (Labour, Bolsover) urged Mr. Wilson to stop pro-Market Ministers from making "truth-bounding remarks". As far as the Market was concerned, the Prime Minister wryly observed, all who felt strongly believed that the other side was barking the truth.

Ministers make 'ruling bloc' claim

BY RICHARD EVANS, LOBBY CORRESPONDENT

ANTIQUE MARKET Ministers claimed last night that the French Government intended to form a ruling bloc of six prosperous nations within the EEC to the exclusion of the U.K.

Their claim, outlined in a statement signed by five anti-Market Ministers, was based on Britain would be unable to join this union because of being regarded as "Eximia" which they claimed economic weakness.

The implications of the President's remarks were brutally put to the people by the British clear. "A ruling bloc—a rich man's club of six prosperous countries will follow certain economic and monetary terms for continued membership in the Common Market.

According to Mr Anthony Wedgwood Benn, Mrs Barbara Castle, Mr Michael Foot, Mrs Judith Hart and Mr John Silkin, the President had reaffirmed policies and Britain will be therench insistence on economic poor relation."

Narrow nationalism basis for 'Anti' stand

MR DAVID WARBURTON, chairman of the Trades Union confederation for Europe, last night attacked the "narrow nationalism" which he said was the basis of the anti-Market campaign.

Speaking at South Oxley, Herts, he said: "I get a little tired of the nonsensical claims which are being made by the mixed assortment of anti-Europeans and anti-Marketeers particularly in connection with the trades union and Democratic Socialist movement in the European Community.

"One would think that we were living in a democratic socialist paradise where the aims and objectives of the trades union movement were all achieved, and that the EEC is a threat to this Utopia. The truth is that the European unions have been successful in getting the EEC Commission to take action in the pursuit of better conditions for workers."

It was illusory to assert on the

European Community undemocratic—Foot

BY IAN DAVIDSON

THE INSTITUTIONS of the European Community were undemocratic and reduced the sovereignty of the British Parliament, Mr Michael Foot, Employment Secretary, charged on television last night. He was appearing in a debate with Mr. Edward Heath, in "Thames Television's", "A question of sovereignty".

Mr. Foot claimed that the only way to make the Community democratic was to set up a federal parliament. This must be the long-term consequence of the Community's fundamental element of the principle of economic and monetary union.

"I believe it would be a great advantage in the honesty of this campaign," he said, "if Mr. Heath and the pro-Marketeers were openly to admit that economic and monetary union, such as he has given his name to in 1973, does mean a federal state, the establishment of a kind of super-state in Western Europe."

Both of these points were hotly denied by Mr. Heath, who

claimed that the Community institutions were undemocratic because the members of the Council of Ministers were responsible before their own parliaments. He had never believed in having a federal or a confederal Europe, and he did not admit that there was anything inevitable about the future of economic and monetary union.

Uncompromising

"I've never believed that it would be a federal or confederal Europe," he said. "It's going to be a new sort of Europe, and our job is to help create it. As far as economic and monetary union is concerned, every stage must be agreed by us, every step."

Though the broad thrust of Mr. Foot's argument was uncompromisingly hostile to the Community on sovereignty grounds, some of his comments were more nuanced. He conceded that decisions taken by the Community would not necessarily be

His objection to the decision-making procedures, apart from the question of democracy, was that they took place in secret and that they bore a greater resemblance to the coalition form of government common in the Continent than to the two-party system of the U.K.

"Now I think that the pro-Marketeers (have) got a case, but I think they'd make their case much better if they had the courage to admit that these institutions are not the same as our democratic ones, and work by very different methods. There may be a case for doing it, but there is no case at all for attempting to conceal from the British public how much of their democratic power is reduced."

Mr. Heath's last word: "This is the greatest development in international co-operation since 1945. I am astonished that people like Michael Foot, who always say they believe in the brotherhood of man, for them it doesn't extend beyond Margate."

Jenkins challenge to Antis

FINANCIAL TIMES REPORTER

MR ROY JENKINS, Home Secretary, yesterday challenged anti-Marketeers to say whether they wanted a single economy in Britain or a free trade area with the European Community.

"The one leaves us open to all the pressures of the world—and all the imports of the world—without the anchor of belonging to a strong unit," he said at a Britain in Europe Press conference. "The other could shut us up in a locked room of poverty and isolation."

Crucial year

"A 'No' vote on June 5 would be a licence to continue with an accelerating rate of British inflation." As far as the Market was concerned, the Prime Minister wryly observed, all who felt strongly believed that the other side was barking the truth.

unsplendid isolation of spiralling costs and declining competitiveness," Mr Jenkins said.

"It would certainly over the next crucial year or so disrupt both the export and the investment plans of our major industries. That is the reason why coming out would mean laying more men off. That is the reality of the jobs issue."

Mr. Roy Grantham, General Secretary of the Association of Professional, Executive, Clerical, and Computer Staff (APEX), said that he was confident of the support of 80 per cent. of trade unionists for keeping Britain in the EEC.

With Britain nationalising the overall industry, the major problem facing the industry was

Benn sent us out of the European Airbus and the Germans and French have built it as the only European wide-bodied aircraft," he added. The Commission of the EEC is continuing with its plans to support new joint European projects and help finance them. We desperately need a share in these new projects, tens of thousands of jobs will be at stake but if we opt out of Europe we will opt out of these projects."

Mr. Grantham said that Mr. Benn had been talking about the EEC having lost 500,000 Britons their jobs. The facts were that, in April 1972, before Britain entered the Community, there were 925,000 unemployed, whereas the figure in April 1973 was 900,000.

British problems, Mr. Grantham said, had been caused not by the EEC, but by a failure to invest during the 18 years before entry.

Companies hold back investment

MR ALEX FERRY, chairman of the Scottish committee of the Get Britain Out campaign, told a news conference in Glasgow yesterday that British employers had deliberately held back investment. Mr. Edward Heath, he said, had made statements to the effect that certain major companies were withholding investment because of the uncertainty surrounding British membership in the Common Market.

"That confirms our opinion," Mr. Ferry said, "that there has been an investment strike by employers in this country over the last two or three years. If this strike has been caused by the Common Market situation, then it has done a great deal of damage to our economy." Mr. Ferry is Glasgow District Secretary of the AUEW.

He said that a great number of industrialists, including some foreign investors, had been donating money to the pro-Market organisations. "We believe this to be a subtle way of interference in British politics. I would advise them that, for the sake of future good relations, they realise the grave mistake they are making."

Frere-Smith forecasts VAT on food

FOOD WOULD be made subject to VAT if Britain remained in the EEC, and the impact of the tax on small traders would increase, Mr. Christopher Frere-Smith, chairman of the Get Britain Out campaign, claimed yesterday.

"Any trader in this country who has a turnover of less than £5,000 is exempt from VAT," he said. "In Common Market countries, the minimum turnover for exemption is £1,000. VAT will be harmonised. Inevitably the minimum turnover will be harmonised downwards."

Harmonisation inevitably meant that sooner or later—and probably sooner—VAT would be levied on foods in Britain.

"Continued Common Market membership will spell the end of thousands of small businesses up and down the country," said Mr. Frere-Smith. "The EEC may be good for big business—but for small traders it will be slow torture, and then death."

Grimond speaks of disaster

MR JO GRIMOND said at a Britain in Europe rally in Portsmouth last night that it would be a watershed and a disaster if Britain were to leave the EEC.

"We should be in breach of our undertakings. We should be going back on a Treaty approved by successive British Governments of different parties. We should be in fact be saying—and this is the basic argument of those who advocate a 'No' vote that the British people, British industry, the very nature of British life, were now in such a precarious state that they had prices, markets and jobs, or not the strength to push out to new frontiers."

"Finally, the clock cannot be kind unknown in our history, isolation, a late-19th-century dream which even at the height of Britain's power proved unrealistic after a year or two."

"It would be a retreat of a skilled and enterprising people of monopoly capital and the multi-nationals."

By contrast the EEC policy on industrial development is unhelpful to the British people and to British industry, he says. The whole of EEC policy has been evolved to serve the interests of monopoly capital and the multi-nationals.

Accusing Parliament itself of the "greatest surrender of all time," Mr. Keys says the elected leaders of the two major Parties leave a lot to be desired.

Mr. Heath, the architect of Britain's entry, is accused of arrogant nonsense, while Mr. Wilson, the SOGAT general secretary says: "I put him in a different category from the Tory Party. He is seen as so much on this question that it is surprising he is still with us."

Mr. Keys expresses a particular personal interest in the Government's approach to industrial regeneration as contained in the Industry Bill and the National Enterprise Board.

By contrast the EEC policy on industrial development is unhelpful to the British people and to British industry, he says. The whole of EEC policy has been evolved to serve the interests of monopoly capital and the multi-nationals.

As a power grouping the EEC will be likely to further increase world tension, he says.

Some 100,000 copies of the broadsheet are being distributed throughout the union.

MR WILLIAM WHITELAW, the Conservative former Minister, at Portsmouth last night poured scorn on the anti-Marketeers who, like some latter-day Pied Piper of Hamelin try to lure us to an uncertain future."

Speaking at a Britain in Europe rally, he said that the clock could not be put back on the very issue of British membership nor on any of the other main issues—the Commonwealth, food

prices, markets and jobs, or

not the strength to push out to new frontiers.

"It would be a retreat of a

skilled and enterprising people of

monopoly capital and the multi-

nationals."

Finally, the clock cannot be

kind unknown in our history,

isolation, a late-19th-century

dream which even at the height

of Britain's power proved un-

realistic after a year or two."

JOHN INNIS

The British Investment Trust

Highlights from the Report and Accounts for the Year to 31st March 1975.

Year to 31st March	Total Assets £	Total Revenue £	Earnings p	Dividend p	Asset Value per Ord. Share p
1967	56,400,000	2,097,000	3.07	3.00	89
1968	82,300,000	2,442,000	3.16	3.125	129
1969	106,800,000	2,695,000	3.26	3.250	168
1970	96,300,000	3,145,000	3.44	3.375	144½
1971	96,900,000	3,411,000	3.78	3.625	146
1972	134,200,000	3,568,000	3.99	3.875	206½
1973	134,000,000	3,923,000	4.00	4.125	202
			(gross)		
1974	105,600,000	4,793,000	3.70	3.125 + 0.375 (Special)	148½
1975	97,700,000	4,632,000	3.45	3.35	142

Before conversion of Convertible Debenture Stocks

REVENUE

Total Revenue and Earnings showed a slight reduction from the previous year. If an adjustment had been made for £220,000 of exceptional revenue received in 1974, the results for 1975 would have shown some increase.

The Dividend has been increased from a basic rate of 3.125p per share (excluding 0.375p out of exceptional revenue) to 3.35p, the eighth successive year of increase.

CAPITAL

Considering the extreme fluctuations in stock market prices during the year both in the United Kingdom and overseas, the performance of the investments was reasonably satisfactory. Properties showed a moderate fall in value reflecting the continuing difficulties in that market.

Mr. Grantham said that Mr. Benn had been talking about the EEC having lost 500,000 Britons their jobs. The facts were that, in April 1972, before Britain entered the Community, there were 925,000 unemployed, whereas the figure in April 1973 was 900,000.

British problems, Mr. Grantham said, had been caused not by the EEC, but by a failure to invest during the 18 years before entry.

The Net Asset Value fell by about 4% to 142p per share, but there has been a substantial improvement since 31st March.

FUTURE PROSPECTS

Some increase in dividends can be expected in the coming year and our property subsidiaries will benefit from the lifting of commercial rent controls. We believe that our dividend rate can be maintained, although it may be difficult to achieve any overall increase in earnings.

Greatly increased volatility has been a feature of the world's stock markets in the past several years and the uncertain outlook seems bound to be reflected in a further spell of fluctuating share prices.

Throughout this difficult period we have maintained a high quality portfolio in leading well managed companies with established records.

We feel that the record of the Company both as regards capital and dividends is evidence of the constructive yet defensive qualities of the portfolio, features which we believe will continue to stand shareholders in good stead in the future.

Copies of the Annual Report and Accounts may be obtained from The Secretary, The British Investment Trust Limited, 46 Castle Street, Edinburgh, EH2 3BR.



The ever-escalating overhead?

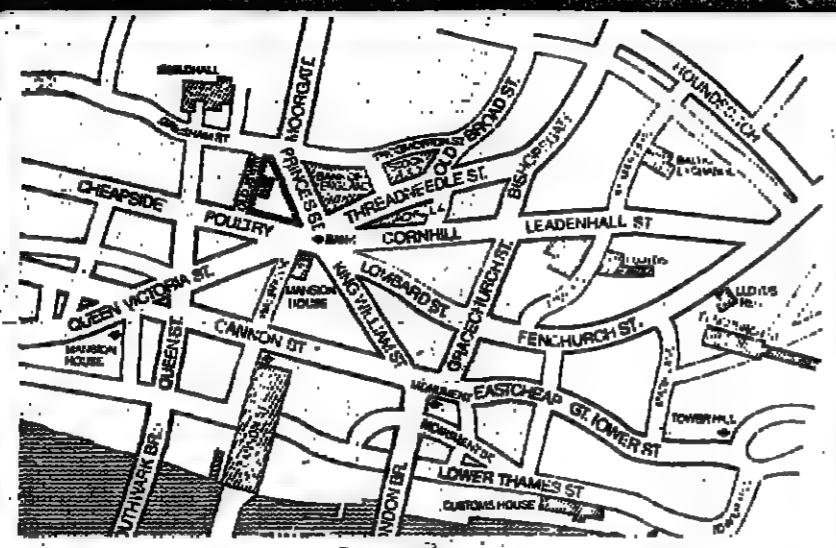
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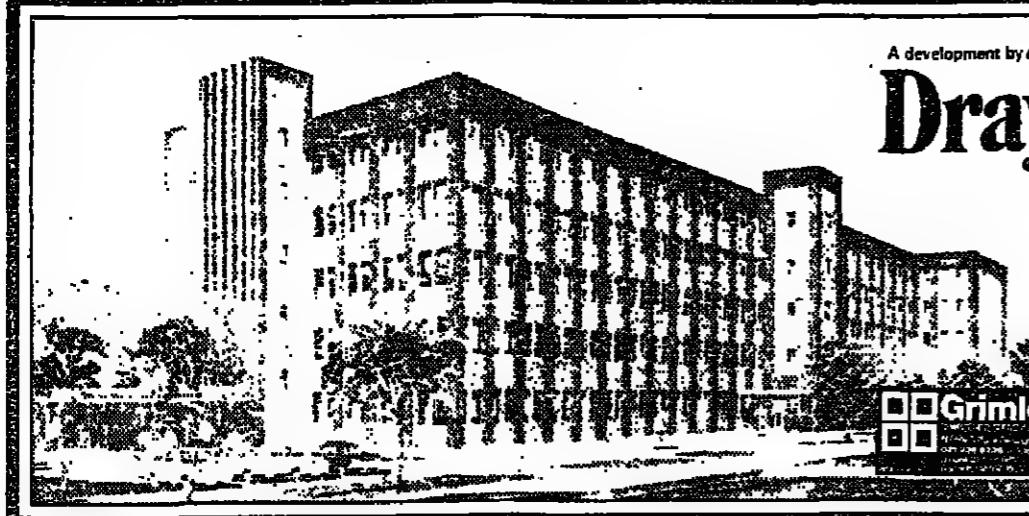
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COMPANY NOTICES

ANNOUNCEMENT

Sociedad Minera Argentifera Boliviana S.A. (Mining Co.) hereby states that it has had no relations with Mr. Aldo Motos or Marcello Indiat-Gexco, since August 1974. Argentifera Boliviana S.A. will not recognise any commitment performed on its behalf, by the two persons before mentioned.

The Directory.

THE RIO TINTO-ZINC CORPORATION LIMITED

THE RIO TINTO-ZINC CORPORATION LIMITED

NOTICE TO HOLDERS OF WARRANTS TO BEARER FOR ORDINARY SHARES OF £1 EACH

NOTICE IS HEREBY GIVEN Under the General Meeting of the Rio Tinto-Zinc Corporation Limited held on 21st May, 1975, approved the payment of a dividend of 25p of 2.67 pence per share on 1st July, 1975, being 25% of the value of the year ended 31st December, 1974.

Under the incorporation tax system which came into force on 1st April, 1973, the dividend on 6th April, 1975, the final dividend will be payable without deduction of corporation tax by shareholders resident outside the United Kingdom who carry a tax credit equal to thirty-five millilitres of the total dividend and tax credit. Where a double tax agreement exists, the shareholder will obtain a tax credit against which some United Kingdom tax may fall.

Payment of this dividend will be made on 1st July, 1975, to shareholders entitled to receive dividends on 1st July, 1975, to shareholders resident outside the United Kingdom who obtain a tax credit equal to twenty-five millilitres of the undeducted dividend.

The Rio Tinto-Zinc Corporation Limited

Head Office, 8, St. James's Square, London SW1

The Rio Tinto-Zinc Corporation Limited (Transfer Officer), 1, Beddoe Street, Bristol BS1 8NT.

Creditors' Registration Limited, 1, Regent's Place, Bristol BS1 8NT.

21, Rue La Fayette, 75009, Paris, France.

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BUSINESSES WANTED
Printing Company Required

A substantial Group wishes to purchase outright a medium to large sized Letterpress or Lithographic Printing Company. Turnover above £400,000 per annum. Principals only apply to Box E.5253, Financial Times, 10, Cannon Street, EC4P 4BY.

RETAILING

Public company wishes to acquire a small retail group. Replies Box E.5265, Financial Times, 10, Cannon Street, EC4P 4BY.

Nursing Agency

Expanding business interested in merger or acquisition of existing agency. Central London and Home Counties. Reply Box E.5953, Financial Times, 10, Cannon Street, EC4P 4BY.

WANTED TO PURCHASE TOYS—STATIONERY PHARMACEUTICAL, COSMETICS, SUNDRIES

Expanding firm looking for wholesale outlet with turnover in the region of £100,000. Replies Box E.5268, Financial Times, 10, Cannon Street, EC4P 4BY.

TIMBER & DAMP TREATMENT COMPANIES FOR SALE

Members of British Wood Preserving Association. Clientele includes London Boroughs and a New Town Commission. Under management. Lease to 1991 or 20 years. Turnover last year's £100,000. Pre-tax profits net and net profit £25,000. Price negotiable.

CHRISTIE & CO., 32, Bouverie St, W1M 4BU. Tel: 01-488 4231

THE COPYRIGHT AND GOODWILL OF INTERNATIONALLY KNOWN CORRESPONDENCE COURSE

on world trade. Established 30 years. Chartered Accountants annual audit. Gross annual fees over £30,000. working 35 days week. Price £35,000. Write Box E.5267, Financial Times, 10, Cannon Street, EC4P 4BY.

RETAIL CHAIN

Available for purchase ten retail establishments currently trading as going concerns in prime selling pitches in the main suburban towns of Ireland. Will sell singly. In batches or the entire group. Principals only apply Box E.5260, Financial Times, 10, Cannon Street, EC4P 4BY.

TRAVEL AGENCY

Owner of business, established 38 years, obliged to retire. ill health.

First class position SW1. Write Box E.5241, Financial Times, 10, Cannon Street, EC4P 4BY.

FRANCE FOR SALE

Leading national distribution business in the ironmongery, hardware and household articles. Turnover: £1m. 75 million. Write to: MR. DELAPAL, Avenue du Parc, 92-CHAVILLE (France) or telephone Paris 672-0336.

GLAZING CONTRACTORS

Groves of companies for sale, trading in the North Midlands. Turnover approx. £275,000. Present management willing to continue.

Write Box E.5263, Financial Times, 10, Cannon Street, EC4P 4BY.

HANDLING

Loads float around on air

LOW PROFILE turntables operating on air bearings, have been introduced by Rolair Systems (U.K.) Ltd, 56, Bromington Square, London, S.W.3 (01-584 8010).

Diameters range from 3 feet with a capacity of 2½ or 5 tons to 12 feet, which can take a load of 70 tons—prices range from £1,350 to £8,520 for the 70-ton model.

The company says these prices are between a half and

COMPUTERS

Versatile terminals

SINGER Business Machines has introduced to the U.K. market two interactive point-of-sale terminals, models 911 and 931, developed by the company to meet the requirements of the modern retailer.

Ideally suited for complex transaction recording at the point of sale, they have the ability to hold intelligent two-way "conversations" with a central computer system. This per-

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTER

MANAGEMENT

Powerful aid in local government

LAMIS—Local Authority Management Information System project began three years ago with the aim of producing faster and more cost-effective techniques for storing and exploiting data vital to efficient local government administration. It is ready for general application and has absorbed £800,000 worth of development expenditure shared equally by the government, ICL and Leeds Corporation.

The system has involved the creation of a series of inter-related databases linked to "hub" files. Capable of being constantly updated and accessed it gives equal prominence to both on-line inquiry and cost-justified operational application systems.

Access to the databases

through the generalised inquiry system is controlled by DBMS privacy which makes data items available only to specified users who identify themselves by badge and password in the on-line system and password in the batch system. This is essential because of the confidential information in the databases.

ICL, with a 60 per cent share of the U.K. local government market, undertook the project on a cost sharing basis with the Government. Leeds operates a 1904S and 256K words of store, and a 192K word 1904A. The total configuration includes 840 million characters of exchangeable disc store, a 7903 plus VDUs, teleprinters and teletype writers. Although LAMIS has been produced to run on 1900

equipment, it is capable of being transferred to ICL's 2900 Series.

Developers of LAMIS assert that it takes the British computer industry into the leading place in the development of management information systems throughout the world. The Land and Property Database, for example, has considerably helped and rationalised many of the day-to-day operational tasks and decisions of Leeds in such activities as planning, rating, property management, electoral registration, land use and availability, development and improvement procedures.

The information held is also used by officials concerned with policy advice on long-term planning and decision-making on land needs

and use. Two-thirds of the 500 plus local authorities in Britain who use computers have ICL equipment and many of them have been monitoring the progress of LAMIS with keen interest. The project has also attracted interest from overseas.

Sections: I-beams and soffit bearing panels could be continuously fabricated from flat plate to a much greater extent, he said. This would ensure that the rolling process would be carried out on as large a scale as possible and at the same time would allow greater versatility in the product.

It might appear as a composite

product. In flat plates steel's high strength and high modulus

is only really used at the surface

so why not use a laminate

with a thick layer of another material

(plastic foam) in the middle? Low

pressure sodium lamps are the

most efficient commercially

different from those used to-day.

Conventional I-beams, he said,

contain a ferrite bar which sweeps past a sealed housing in the case containing an rf energised coil. The small change in inductance is sensed by a phase-locked loop detector and the final output is obtained in the form of contact closures of a Reed relay.

Virtually any metal and a wide range of other materials can be used in manufacture to suit the application.

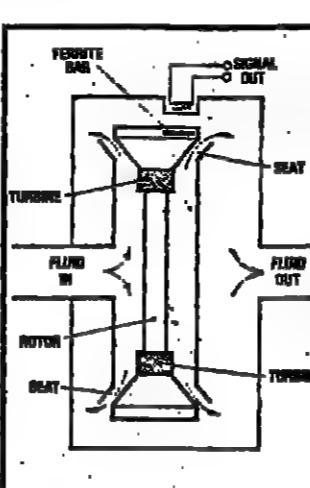
The company at the moment is producing meters suitable for pipe diameters between one and three inches with casings and rotor assemblies in a choice of solid machined pvc

for area, perimeter and security

electrolytic acid, or cast and machined stainless steel for other media. Development work is well advanced on design in glass.

Slurries with particle sizes up to 0.05 inches have been successfully handled by the meter and there has also been an application with a liquid of viscosity 20 centipoise and an aspect ratio of 0.33. Pressure drop across the meter is about 0.8 bar (12 psi) at maximum flow.

GEOPHREY CHARLISH



When flow starts the upper end lifts and the liquid stream divides equally between the two ends, driving the turbines in a stable "hovering" mode at a speed proportional to flow velocity. Liquid enters the outer chamber and leaves through the exit port.

The upper end of the rotor

TELEVISION

Telecine unit marks advance

DEVELOPMENTS of considerable significance in the design and user benefits of colour television equipment are announced to-day by Rank Cinetele. Its latest film scanner is being unveiled before international broadcasters at the International Television Symposium, Montreux, Switzerland.

Televines—essential origination equipment in television studios—convert motion picture film into elec-

tronic signals suitable for transmission. There are two types available: flying spot and photoconductive. It is generally acknowledged in the industry that the flying spot method of conversion is the best, but the equipment using it has been more expensive to buy than the photoconductive type.

Rank Cinetele's new model, the Mark 3, gives users all the current benefits of the flying spot technique (perfect colour registration and low running costs) with improved performance at a cost of up to 10 per cent less than that of previous models.

Mark 3 has several novel features including ability to handle both 16mm and 35mm film stock on a single deck, with virtually instantaneous stop and start (a new feature when using

television facilities).

Automatic frame positioning and change-over controls are available as optional extras as are fully automatic colour balance facilities. Other screen options include PAL or NTSC encoders, vertical aperture corrector and monitoring options.

Multiplexed versions are available with or without side scan-

ning facilities.

Rank Cinetele, Watton Road, Ware, Herts, Ware 3939.

OFFICE EQUIPMENT

Competition for the 'golf ball'

LITTON Industries' Royal Typewriter Company is to introduce a range of new products in the office typewriter, copier, word processing equipment and calculators.

A third plain paper copier for high volume users, the RBC III, will be added to Royal's line, as will an Electrofax copier model R1600 for low copy volume. The fastest growing segment of the plain paper copier market is now the 10,000 to 20,000 copy a month customer, though the low volume market has attractive growth potential as well.

The company expects continued rapid growth in the calculator market despite recent failures of some manufacturers.

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The Executive's World

EDITED BY JAMES ENSOR

Job in lots

American Motors, the minnow of the U.S. car industry has staked its future on the Pacer. As Terry Dodsworth reports it thinks

Small is beautiful

THERE IS simply nothing else like it on European roads. A small car by American standards, it looks a little like an inverted goldfish bowl on wheels, combining an enormous expanse of glass with features like a tailgate and a curious extra-wide passenger side door to ease entry into the rear seats.

The Pacer is AM's latest essay into the small-car field, the segment of the market which it pioneered in the U.S. and into which General Motors and Ford are now following as fast as their resources will allow. Last year, as the oil crisis bit in America, proved to be an important one for AM, with its cars gaining strongly in the first six months against its big competitors. It was the only one of the major U.S. car companies not to go on to short-time working, and the only one to keep production almost up to 1973 levels.

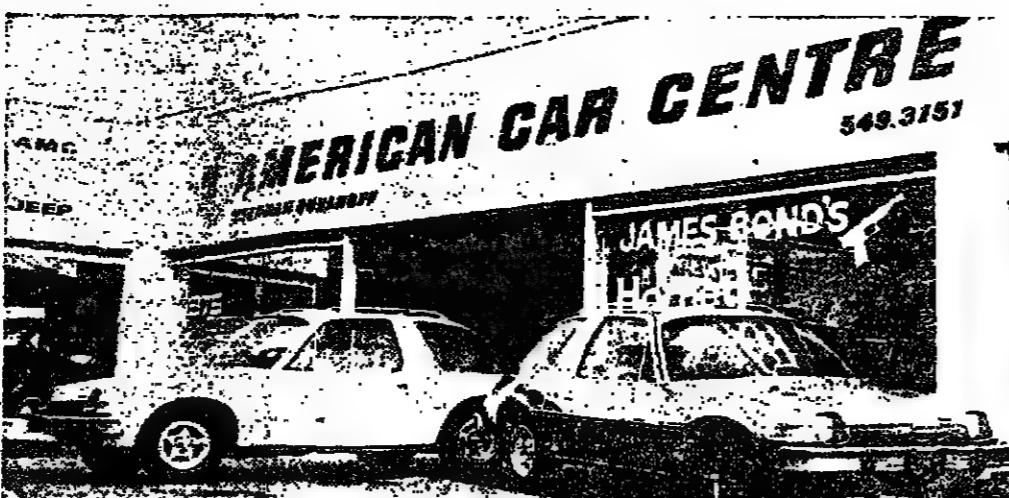
Vulnerable

The question that is now intriguing observers is how long AM's good streak will last. In the very last months of 1974, after a bad strike, its sales also began to dip. And now that GM, after years of non-committal dalliance with the small car has decided to invest much more in this market, AM's position must clearly be vulnerable.

Thus the Pacer is three times arrival, a classic motor industry case of producing a Falcon, GM's Corvair and model as a stimulant to sales.

AM's experience of small cars goes back to 1950, and the idea in the latter part of the 1960s: VW was selling as famous Rambler name. The many cars in the U.S. as AM Rambler range was inherited by was making. But by the end of the group from Nash-Kelvinator, of the decade it was also in a position to make two major—the other being Hudson-Motor steps, with the launch of the Car—which came together in 1954 to form AM.

Even combined, the two concerns were unknown alongside General Motors, Ford and Chrysler, and George Romney, a medium-sized European car. Its president (and later a contender for the American Presidency) developed the strategy of avoiding head-on competition. AM, like Rover in the U.K., with the large rivals. The idea believes to have growth potential, clear parallels with the policy of specialisation adopted in the U.S. this is becoming increasingly "leisure" market, European companies such as and one of the few which last scuttled by the fuel consumption.



American Motors' Pacer has just arrived in Britain.

Mercedes, BMW and Volvo, year withstood the depressing tions problems which the Wankel although in America it had the effect of the oil crisis; four has run into, and the car has obverse effects, turning the company towards small rather than large and luxurious cars.

The Rambler was the chosen vehicle for this policy. By the mid 1950s European cars were beginning to make an impact, albeit small, on the U.S. market, and AM went all out to exploit the trend, ridiculing American "dinosaurs" and dropping large car production altogether in 1958. Its market share moved from 21% in 1955 to 4.6% in 1958, when it made its first profit.

The next decade saw the big three companies follow AM into compact cars—Ford with its Falcon, GM's Corvair and Chrysler's Dodge Dart—while AM itself failed to capitalise on the acquisition of Jeep Corporation. The Gremlin was claimed as the first "sub-compact"—at 14ft. 2in., the equivalent of Fiat and Volkswagen. Hence the emphasis on giving the public something patently different.

Initially there was even a suggestion that the car would adopt the European concept of transverse engine and front-wheel drive, plus a Wankel engine. These ideas have been taken to its width on their

Different

The Pacer was deliberately designed to be different from the average American car. With a production of about 600,000 a year, including the new car, American Motors is still a small company by U.S. standards, or indeed by the standards of the big European concerns such as Fiat and Volkswagen. Hence the emphasis on giving the public something patently different. On the car side, the Pacer, with its roomy interior and tailgate, is seen as a vehicle with European appeal. It will be interesting to see whether Europeans take to its width on their

THE WESTERN WORLD still depends for transport on the diesel truck. Pipelines, railways, canals or coastal shipping contribute where the terrain is suitable; and, the airship or the hovercraft may someday provide an economic alternative. But for the next decade, at least, the truck will continue to provide between 60 and 85 per cent. of total internal goods transport.

The cost of trucking plays a direct and key part in the cost of production and distribution of goods to the customer. Although the basic design of the diesel truck has apparently altered little in the past fifty years, there has in fact been a rapid evolution in operating efficiency, size, weight and thus productivity. Over the period from 1956 to 1965 transport costs in Europe remained static, despite a continuous inflation in other costs, due to technical improvements in truck design.

Inflation

The energy crisis and the resultant doubling of fuel prices, tyre costs and inflation in cost of many of the component parts in trucks has changed this. Transport costs are now rising more rapidly than general material costs. The development of new technology offers little immediate pay-off in productivity. For although Volvo, for instance, has 70 ton trucks (equipped with two engines and 12 axles) operating in Northern Sweden, where one driver and vehicle can do the work of three normal trucks, environmental considerations exclude such technical developments.

Nevertheless a great deal of improvement can be made in existing trucks and in transport costs by making the best use of present technology. Ryder International, the world's biggest truck company, which has a fleet of 57,000 vehicles covering 1,000,000 miles annually in the U.S., has put its experience to test in building 10 prototypes of an advanced and economical truck.

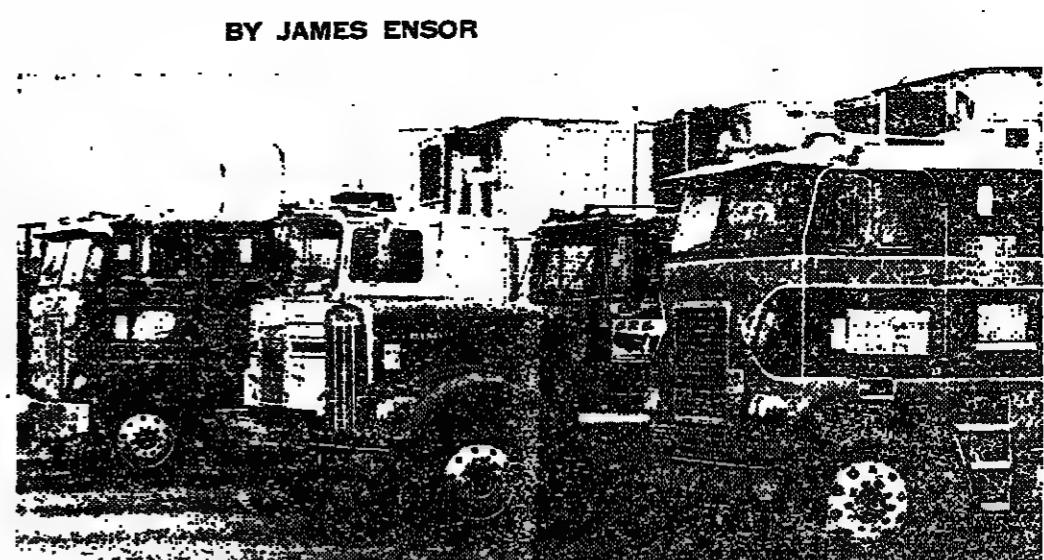
The truck with a long, streamlined bonnet looks more like a train than the conventional flat-fronted truck. But superior aerodynamics, achieved through streamlining and blanking off the area between the truck and trailer and between



Big trucks like these U.S. juggernauts could save up to half on transport costs per ton-mile.

BY JAMES ENSOR

Ryder cuts transport costs



Big trucks like these U.S. juggernauts could save up to half on transport costs per ton-mile.

truck and road led to a fuel saving of between 25 and 35 per cent. The wrong engine power, which can be wasteful either in repairs, which warn when any in fuel or in repair charges, vehicle or group, or service Ryder found, during trials in Texas, that the use of European built diesel trucks such as the Volvo F80 could achieve savings of 15 per cent. in fuel and 40 per cent. in maintenance compared with the traditional Cummins-engined American truck.

Cost savings

Studies made in Britain show that the adoption of the Continental truck of 38 tonnes instead of the British 32-tonne heavy haulage vehicles, which were causing trucks to maximum, while retaining the same axle loadings, could lead to cost savings of as much as 11 per cent. The use of even larger American truck, of up to 55 tons, could lead to cost savings of almost 50 per cent. per ton-mile, but that could hardly be contemplated without the construction of new road systems.

There is little doubt that under suitable conditions, the large truck can offer comparable fuel efficiency and superior flexibility to the railway. Volvo's cost of unscheduled repairs to experimental 70-ton trucks were multiplied across an entire nation's transport system, the flexibility to the railway. Volvo's cost of unscheduled repairs to experimental 70-ton trucks were expressed built to compete with rail transport, and proved effective until the tax situation was altered against them.

Computer

Many of these improvements, which range from an entirely new sealed battery, to life-time hoses and clamps, automatic clutch and brake adjustment systems, a reservoir which keeps engine oil permanently topped up and long-life light bulbs have been or are being fitted to Ryder's big fleet of trucks, thus reducing haulage costs.

Most of the modifications were discovered through an extensive system of management reporting instituted by Ryder at all the 450 service stations which the company owns and operates for its own fleet. A large computer analyses the performance of each vehicle type over each type of terrain, right down to details of individual trucks and individual drivers and specific



As luck would have it, our fire insurances were very popular in San Francisco just before the earthquake.

At 5.15 am on Wednesday April 18th 1906 a tremendous earthquake shook the city of San Francisco, causing fires to break out in the damaged buildings.

Shattered water mains hindered the Fire Brigade, and after 3 days the city centre was just a collection of smouldering ruins.

Not surprisingly, the various insurance companies who had issued fire cover on the gutted buildings weren't exactly overjoyed.

They faced colossal claims. And so did many of the companies that now make up Guardian Royal Exchange Assurance.

But unlike those who couldn't meet their

liabilities and went to the wall, we paid up. What's more we did it quickly and without quibbling.

In all, it set us back £1,750,000, a tidy sum in those days. But looking back, it was one of the shrewdest investments we ever made.

It proved to the world that we had the strength to withstand a major disaster.

Consequently the business started pouring in and we've not looked back since.

In fact, today we're one of the very largest insurance companies in Britain. (Last year alone, we paid out over £257 million in claims.)

But solid and stable as we are, we don't intend to rest on our laurels.

We're determined not to lose sight of the fact that every policy we offer, whether it be for a modest car or a vast industrial complex, must be what the customer wants.

And to our way of thinking, that means the best possible cover at the most reasonable price.

If you agree, we suggest you have a word with your broker and mention our name.

Guardian Royal Exchange Assurance

A good name to insure with.

FINANCIAL TIMES SURVEY

Friday May 23 1975

Job in its

Finance for the Smaller Company

"Resign"

"You can't, you're the boss."

Everybody has bad days. Even bosses.

But when you're the boss of a small business, a bad day can get out of proportion.

In a big company, you'd probably be surrounded by experts in finance, sales, personnel, marketing, production and so on.

People you could talk to, argue with,

try your ideas on, blame, have lunch with, confide in and who would generally make you feel better.

But when you're the boss of a small business, you're on your own.

At ICFC we've learnt quite a lot about the growing pains of small businesses.

We've helped over 2,000 of them over the last 30 years.

And we've usually found that some friendly advice and somewhere between £5,000 and £1 million can brighten up the blackest day.

Industrial and Commercial Finance Corporation Limited. **ICFC**
Money isn't all we have to offer.

THE SMALLER COMPANY II

For the smaller company, which is very often likely to be a private concern, matters of day-to-day finance may normally not prove too pressing. But once development and expansion present inviting prospects, problems can arise. It is an area of finance which is receiving growing attention.

Problems of unfamiliarity

THE CONSENSUS opinion is pathetic ear. Perfectly sound propositions are rejected purely because the businessman has not compiled his case adequately.

The clearing banks remain the primary source of short-term, relatively cheap finance, and (c) they fail to present their case properly to the provider of the facility.

For the large, expanding company the raising of finance is a regular, almost day-to-day function of management. For the smaller company, however, apart from the occasional visit to the bank manager for overdraft facilities, the whole process of fund-raising is totally unfamiliar. Expansion may even be a once-a-generation decision. Balance sheets are often regarded as something that has to be compiled for the benefit of the Inland Revenue or the bank manager—a compulsory discipline, in other words—and not something that should be studied, understood and used as a management tool. As for financial planning, and such terms as cash flow, these usually remain a mystery.

Quite often the owner or manager of a small business will be vaguely aware that he is running short of capital for, say, stock or for tidying him over until a customer pays his debts. But more frequently he will not know exactly how much he needs, in what form he needs it and for which part of the business. This is where the smaller man really fails, and it is for this that he is often penalised.

He might really need £30,000 when he has asked for £10,000, or vice versa. He might not need cash at all but a leasing arrangement or the services of a factor. It might be that, with a little financial planning, there is no funding deficiency at all. It is the man who fully understands his business and his requirements whose request for finance will fall on the sympathetic ear.

surveys and there is an accelerating trend. The bank manager feels that it has "not even scratched the surface."

The Government, while accepting the Bolton Committee's view that subsidised finance should not be provided for this sector, has made some efforts of its own to provide information and to bridge the communications gap that very clearly exists. There is now a Small Firms Division which was formed following the Bolton Report. There are also ten Small Firms Information Centres, each consisting of a staff of three, which may be telephoned free of charge. These centres do not pretend to know all the answers but will generally act as a source of business contacts—merchant banks, local trade associations, consultants etc. They will advise not only the mature company but also anyone starting from scratch.

The Smaller Businesses Association, however, remains highly critical of the attitude of successive governments in their failure to recognise the problems of what is justifiably argued a vital part of the UK economy. The SBA is Britain's member of the Geneva-based International Association of Crafts, Small and Medium-sized Enterprises which in turn has 26 members representing 10m. small businesses. It is also the small companies' only link with the European Commission in Brussels. Britain having decided not to appoint a special representative.

What the Association would like to see is (a) the appointment of a special Minister to look after the welfare of the smaller business community; (b) the introduction of a Credit Guarantee system, such as operated in France, Holland and the U.S. and (c) some of the road So far, BAS (formed in 1973) has carried out 1,650 Development Fund going to

the new Group Finance for Industry—which comprises the

merged ICFC and Finance Corporation for Industry—stated in its annual review that "The to play with during the crisis is unlikely to enter the fray true to say that there has never been any shortage of finance, but the group atmosphere of the past couple of years has just become institutions will not support the companies that do experience difficulty in obtaining medium and long-term finance from the banks, that terms of medium and long-term apparent that one or two of the smaller issues because a reasonable difficulty in obtaining the only help from the City finance for the development of merchant banks are back on the able investment—say £100,000—finance, however, are those with priority given to profitable investments in the U.K. will not up these activities in line with equity. And also that holding particular growth image and do not lend themselves to merchant bank stimulation. Companies in this category tend to fall between a number of stocks. The basic deficiency remains one of communication, though there are indications now that lines of

most observers of the City will run that the smaller investor investment would probably be unmarketable.

It would not be unfair to say that the ICFC is viewed by the fundamental changes in the traditional merchant banking market. It is thought no longer to be earning £1m. or more before tax. If this is true, it suffered (or likely to suffer) earning only £200,000 or so in will have a much longer haul contact are being created.

Keith Lewis

Argument

The ICFC would certainly refute the Association's argument. The emphasis there is on identifying the requirement, providing the finance and letting the individual get on with running his business. Most of the approaches to the ICFC arise from accountants, bank managers, and solicitors (in that order) and the idea is not on maximisation of profits. If management assistance is needed then the ICFC can oblige, but otherwise aims to keep out of the way.

The ICFC currently has investments in around 2,850 companies. However, the main difference between equity funding ICFC-style and traditional merchant bank style is that the merchant bank will seek to obtain a return as quickly as possible. The idea is to get as much mileage out of a company, as rapidly as possible, either by selling the stake later at a profit or by seeing the company go public and then selling the holding. The ICFC, on the other hand, claims to be a long-term holder with no intention of rushing the company along or of installing a director.

The new Group Finance for

smaller businesses. They mainly feel that they are denied from the banks, that terms and conditions are made too difficult by the ICFC and that of medium and long-term apparent that one or two of the smaller issues because a reasonable difficulty in obtaining the only help from the City finance for the development of merchant banks are back on the able investment—say £100,000—finance, however, are those with priority given to profitable investments in the U.K. will not up these activities in line with equity. And also that holding particular growth image and do not lend themselves to merchant bank stimulation. Companies in this category tend to fall between a number of stocks. The basic deficiency remains one of communication, though there are indications now that lines of

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Keith Lewis

LENDING BY THE LONDON CLEARING BANKS				
	Total Outstanding	Change on Quarter	Change on Year	% of Total
MANUFACTURING				
Food, drink and tobacco	749	+ 13	+ 213	3.5
Chemicals and allied industries	462	+ 54	+ 154	2.1
Metal manufacture	317	+ 8	+ 95	1.5
Electrical engineering	711	+ 14	+ 193	3.3
Other engineering and metal goods	1,926	+ 125	+ 435	8.9
Shipbuilding	808	+ 17	+ 114	3.6
Vehicles	736	+ 49	+ 219	3.4
Textiles, leather and clothing	435	+ 11	+ 29	2.0
Other manufacturing	763	+ 15	+ 216	3.5
Total	8,987	+ 306	+ 1,673	32.0
OTHER PRODUCTION				
Agriculture, forestry and fishing	761	+ 6	+ 100	3.5
Mining and quarrying	105	+ 6	- 3	0.5
Construction	1,549	- 16	- 3	7.2
Total	2,415	+ 2	+ 94	11.3

Bank overdraft facilities

Business proposition?

Yorkshire Bank will lend you more than just a sympathetic ear. Your local Yorkshire Bank branch manager has a reputation in the area as the man who helps build businesses. A reputation achieved by more than just a willingness to listen, or even the fact that he has arranged finance for successful business ventures in a wide range of fields.

His involvement in his customers' financial affairs has given him a wealth of practical business experience he would be happy to put to work for you—to help you launch or expand your business, plan for greater profit potential and strengthen or redirect your efforts into the most rewarding areas.

There's less of the deskbound financier in him than you'd imagine, and more of the involved partner, maintaining an active interest because he sees your success as his own success. It's a philosophy that comes on top of his training, experience and acumen to evaluate, finance and advise his customers.

So if you have a worthwhile business proposition to discuss, your local Yorkshire Bank branch manager is waiting to do more than just listen. Phone or call in to arrange an informal chat.



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The Business Builders
P.O. Box 2, Infirmary Street, Leeds LS1 1QT.
Telephone: (0532) 430741 (10 lines).
P.O. Box 56-58 Cheapside, London EC2P 3BA.
Telephone: 01-248 1791 (7 lines).

Over 180 branches throughout the Northern Counties and Midlands.

John West

THE BRANCH manager of one of the big clearing banks is for most small companies the prime source of finance and of financial advice. For many, the overdraft and other facilities provided by the banks are likely to be the only source of finance. For these reasons, the clearing banks occupy a special and crucial position in relation to the small company sector as overwhelmingly the biggest lenders, enjoying the confidence of business to a degree unmatched by any other financial institutions.

Nevertheless, it is recognised that the overdraft is not necessarily suitable for all types of finance, and the big banks are making efforts to ensure that their small company customers are made aware of other types of finance available both within the clearing bank groups and elsewhere and of the need for financial advice to assist in arriving at a proper assessment of the real financial needs of the company. The traditional relationship between the branch manager and his customers provides the opportunity to develop a more active advisory service, which there is plenty of evidence is widely required.

One of the continuing problems of the small company sector is the unavoidable lack of financial expertise, and the difficulty of gaining access to the wide variety of finance available. Bankers who deal regularly with this sector point out that often a small company has been built up by one man, who may be an engineer or salesman, for example, but who has to rely on professional advice from accountants and the banks for guidance on financial matters.

This has always represented an obstacle for small companies, compared with the resources available to the bigger groups. In the present economic context, however, questions of company liquidity and the high rate of inflation have heavily underlined the importance to a company of regular financial reporting, of being able to keep a check on the real returns being earned on borrowed money and on the cash flow negative cost. Moreover, there is no doubt that compared with

most other forms of borrowing, the overdraft has retained its of ensuring that the right kind of finance is used for particular

purposes and on the right scale. A company may decide, for example, that it needs another £20,000 overdraft for a loan of the size proposed, but may need more, or it may need lending in a different form—medium-term loans to finance investments, an instalment credit debt or a leasing contract.

The incentive for the bank to develop in this direction has been increased by their own extension into a growing range of financial services in addition to the overdraft facility. One way of another, through subsidiary or within the bank's own organisation, the big clearing banks are able to offer a wide range of finance. One of their main aims is to make use of their own branch networks to promote these alternative forms of finance as useful supplements to the basic overdraft system.

The development of off-balance sheet advisory services has perhaps been most formalised by Barclays Bank with the establishment of its special Business Advisory Service. While specially trained managers are therefore

available to provide advice on financial problems, both where lending is involved and where it is not, the question of helping a company to improve its own systems and controls.

Other big banks tend to offer through their branch managers, though these agents can call on specialised advice from the various areas of finance from regional offices. It is argued by one big bank that the method is preferred because the whole small company may not take kindly to the intervention of a specialist adviser, coming in on a temporary basis to report on the problems, but prefer the continued relationship with a branch manager who has the appropriate expertise on tap.

Over the long run, the whole of the bank's development of financial services on all financial problems—including, for example, insurance as well as direct borrowing needs—could make an important impact on the effectiveness of the small business sector which is already so heavily reliant on them for straightforward overdraft funds.

Formalised

The development of off-balance sheet advisory services has perhaps been most formalised by Barclays Bank with the establishment of its special Business Advisory Service. While specially trained managers are therefore

Suffered

In past credit squeezes, when the banks have been required to hold down their lending, overdraft limits have had to be cut. There is some evidence that in this situation small companies, particularly reliant on this form of finance even for permanent capital, have suffered seriously from the sudden removal of support.

Efforts to ensure that the appropriate forms of finance are used for long-term investment, have involved the banks in providing advice to the customers on an increasing scale.

Michael Blanden

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HOW DOES the smaller company raise finance other than by direct cash loans, say through a bank? Basically it seems of little relevance whether the company is large or small. Assuming the fund-raising is not out of proportion, the question of hedges on creditworthiness. However, it is a reasonable expectation that the smaller company will come under closer scrutiny than a well-known larger counterpart. But for the purpose of this article we will assume that the company can sell through any credit checks.

There are two ways of viewing the position. One is to sit back and examine the balance sheet and determine where cash could be raised out of existing assets: mortgage, factoring, and sale and leaseback come to mind. The other is to consider extra equipment needs when existing cash balances cannot cover the expenditure, and in such cases HP or leasing are possibilities.

Of the two, sale and leaseback is perhaps less well known to the small businessman. The plan is to sell the property to an institution, such as an insurance company, for a cash sum, with one of the conditions of the sale that the selling company has a long lease on the property by way of rental. The rent will be an additional cost factor which is usually property, could be mortgaged, or it may be possible to sell the asset to an investment company or similar institutions, and lease it back for a long period at predetermined rent. Of course up-to-date valuations are a must in order to calculate the real returns that are possible.

The clearers have made special efforts to help the smaller company. Barclays, for example, has its Business Advisory Service which now means that special advisers may be brought in certain circumstances where the clearing bank manager can no longer diagnose or remedy. However, while this is free it is only all right as far as it goes since the bank may not be able to provide the services it recommends—equity capital would be far higher than that.

Hill Samuel Development Finance currently has around 10 clients in which it has invested something of the order of £2m. in the form of equity participation. This figure, however, is not representative of the bank as a whole and the total commitment is likely to be prime example. And this is where the merchant banks and the ICFC come into their own. For that very reason National Westminster Bank has formed its own merchant arm, County Bank, which is basically fed customers by its parent though it also advertises for business fairly vigorously on its own behalf.

Go-ahead

County Bank has been created to earn some of the juicy returns that can be had in venture capital when the field is right. It is precisely like the other more established merchant banks in the U.K. at the moment, would come into this seeking to back the non-growth company. It is looking to provide equity capital at an early stage for the bright, go-ahead company clearly destined for greater things. Anyone with a pre-tax profit record of £5,000 per annum or slightly rising over a period of years—in other words, sound but hardly dynamic—is not likely to receive attention.

County is looking for the company with a fairly rapid build up, making profits perhaps of the same £5,000 mark but which can be quickly and easily geared up to a far higher profits level—a company that can be transformed into a candidate for going public at some stage. And it is looking to participate—not too heavily, perhaps 10 per cent of the equity since more than that can denude the entrepreneur running the company of incentive. It is looking to provide finance for a growth situation, as opposed to the lending bank speciality of term finance where profit growth does not come into the pattern. The state is made even happier only the soundness of the following the 1973 merger of

The essential premise that the future years, which is fair play against bid debts or slow example, a company with an ownership of the goods is enough as long as the capital payments. Moreover, he will annual turnover of £100,000 may have outstanding debt of retained by the finance house expense of the exercise.

The outstanding debts to the time of around 80 per cent, which year. Against this outstanding agreed, payments have been alternatives, such as loans or share issues would also create extra burdens so it is a matter of deciding which will be the cheapest.

Factoring may well prove useful to a company with high debtor levels, which it is having to fund with its own bank overdraft. Factoring, and the not dissimilar confidential invoice discounting, are basically forms of short-term finance, putting aside the service aspect for the moment.

What the factor does is to take over the book debts of the company and the responsibility for collecting payments from the company's customers. The fund raising exercise it can prove very expensive.

If the company has only three or four customers on its books, the factor cannot really justify its services, and as a purely

turnover. It is unlikely that charges would be less than 2 per cent. on turnover of £100,000 (although they are open to variation) and it is probable that they would not be more than 1 per cent. on turnover of £1m. plus.

Furthermore, there is the point about customers' reactions to being chased up for payments by a factor rather than the company which supplied the goods. It is rather a heavy argument but maybe worth bearing in mind if it could result in customers ordering from competitors, where credit control is more relaxed, or the company's own creditors pressuring for payments fearing that the group is in financial difficulty.

If these points bother the reader there is always the possibility of confidential invoice discounting. This is a service similar to factoring in that cash is advanced to the company against the security of outstanding debts, but in this case the company runs its own sales ledger and the debts are repaid as the firm collects its debts. There is no credit insurance as with factoring, so bad debts can still crop up and the service is less convenient than factoring. However, there is a corresponding reduction in costs, and outsiders never need to find out of the arrangements that may kindle rumours regarding the firm's financial status.

The next question is how to finance new equipment when existing liquidity is limited and

If industry is indeed suffering none of the cash raising methods discussed above fit—and smaller companies are at requirements. Instalment credit

a disadvantage at the best of facilities would appear to times in terms of competitive fulfil this need, but whether

prices and the taking of credit one plump for hire purchase or by the big battalions—the leasing depends on several opportunities for suitable factors and the value of the

growth situations will become equipment to be acquired. HP is scarcer. Similarly, the leasing can be used for some smaller companies are being very care

ful to pick only the right companies when arranging these much higher levels in value

facilities and that, almost by terms, such as ships and

definition, precludes the smaller players. Understandably there

company. For the merchant are not defined lines where

banks particularly tend to be

interested in what they call

“green field” projects and are

mainly eager to loan money to

make existing businesses more

successful. The other point is

that no one will lend money for

a starting situation unless the

borrower is prepared to put himself at risk. This usually

means a second or third mort

gage and a lot of personal

guarantees.

Before achieving lift-off it is worth discussing it with as many

people as possible—especially those who are already in the

business. The latter are usually quite helpful. The bank

manager or other sources of

finance are also usually strong

on advice. Bank managers,

especially develop a nose for

projects which are likely to go

wrong.

Before tackling the thorny

subject of finance, it is also

imperative for people starting

up a business to get everything

arranged on a legal basis—par-

icularly if a number of directors

are involved. Before any pos-

tive moves are made, the would-be entrepreneur should spare

no expense on having all

contracts and agreements

thoroughly examined. He should

also consider whether it is more

worthwhile buying an existing

business than starting up with

a new office, new equipment and

so on. Creating a demand is much

easier for a large company to accomplish. Timing is also a crucial factor, for a madrone stands far more chance in boom conditions than a good idea in the middle of a recession.

These qualities are seldom

found rolled into one person,

but they ought to be present in

the company. For example, two

academics in the driving seat

are unlikely to make much head-

way, unless one is more of a

businessman than an academic

and the other lets him have his

way.

Having decided on the busi-

ness partner, or partners, there

is next the question of what

type of business and the under-

lying idea. Those generally go

hand-in-hand: the idea may be

technological or it may be some

type of service. The latter tends

to go into starting up from scratch—some based on bitter

experience.

The first point for anyone

aiming to start from scratch is

that he should consider whether

he is going to be happy in his

own business. To some extent

most people have a desire for

security but the degree varies.

People who want their future

to be mapped out and, to coast

home to a pensioned retirement

are unlikely to be happy on their own, however good their ideas are and however hard they work. Having said that, however, the best time to start up is before taking on the responsibilities of marriage and children—you might not mind insecurity yourself but the wife might have other ideas. The other point about character self-assessment is to decide whether you are happy working in a small organisation. If you are used to pressing buttons for instant millions to come running, doing a lot of personal donkeywork can come as a severe jolt.

You also need to assess the character of your partners (if any) in the venture. The easiest way of ensuring disaster is by

employment.

It is also worth remembering

that the best ideas for start-up

situations tend to come from the

one needs to pay for the best

THE SMALLER COMPANY IV

Suiting sources to needs

With both HP and leasing the example, a company with an ownership of the goods is transferred by the finance house to the lessee. The cost, however, is high and not necessarily low with leasing, ownership being retained by the finance house until the end of the lease. Most factors will take on clients with an annual turnover of £100,000 or more. For a start the lessee rests with the lessor, but the company has the option to release the goods at a nominal rate. On re-leasing, payments would normally fall annually rather than monthly, and such payments are very rarely more than 5 per cent of the cost price and more usually around 2½ per cent.

It is stressed that factoring is an integral part of an alliling company.

Furthermore, there is the point about customers' reactions to being chased up for payments by a factor rather than the company which supplied the goods. It is rather a heavy argument but maybe worth bearing in mind if it could result in customers ordering from competitors, where credit control is more relaxed, or the company's own creditors pressuring for payments fearing that the group is in financial difficulty.

There are other fundamental differences between HP and leasing, with regard to down payments and the tax position. Government controls on the amount of deposit required before an HP purchase agreement can be entered into and on the length of time for the agreement to run out.

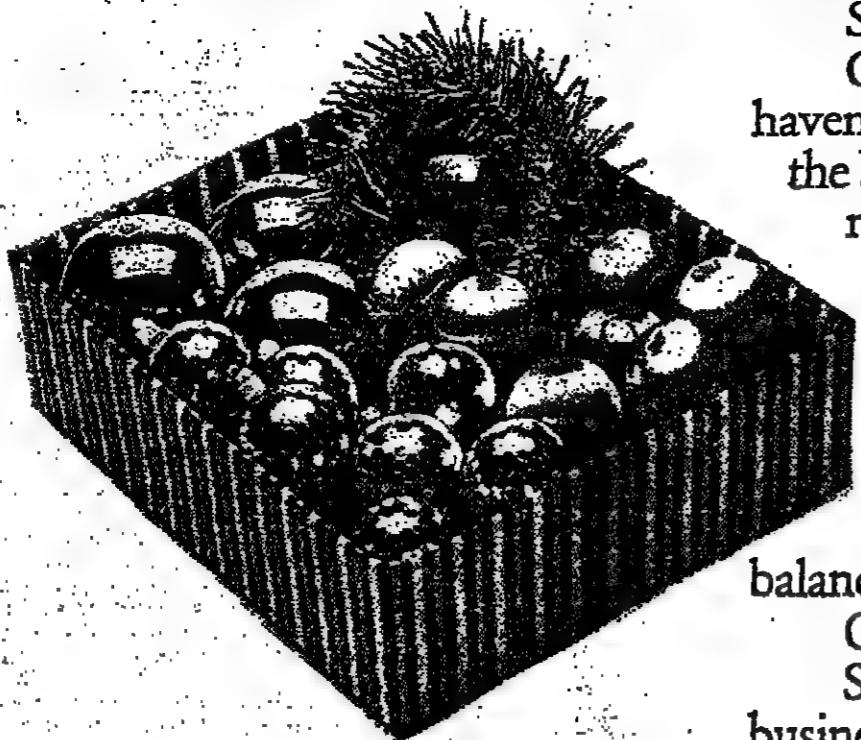
Leasing, however, is free of these conditions, and while the lessor will usually require a number of payments in advance, purely financial logic is at work and the advance payments will not be prohibitive.

The tax position between the two is also different. With HP the hirer is deemed to own the goods for tax purposes, and thus is entitled to allowances and any investment grants, while when leasing it is the lessor who is entitled to claim allowances. In theory, however, the lessor will adjust the repayments for any allowances it receives. When it comes to repayments, allowances are made on the interest aspect of HP, but all leasing payments are allowable to be set against profits.

One of the claimed advantages of leasing is that it facilitates cash flow projections, as the monthly rental costs are known. Moreover, HP as well as leasing is virtually tailor-made for each individual requirement so there is a great deal of flexibility in the system.

As with most buying it pays to shop around, and it may be worth contacting the supplier of the goods to see if he has any credit lines available. If not, finance houses can be approached with hire purchase in mind; while any uncertainty as to who to approach for leasing can easily be settled by contacting the Equipment Leasing Association in London, who will put you in touch with a suitable lessor.

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He'll then begin a thorough study of your accounting procedures, your methods of invoicing, debt collection and forecasting your cash flow.

He'll analyse your budgeting and how you assess your overheads, your costing and stock control.

Naturally he will take a look at your books. And it goes without saying that his recommendations are entirely confidential.

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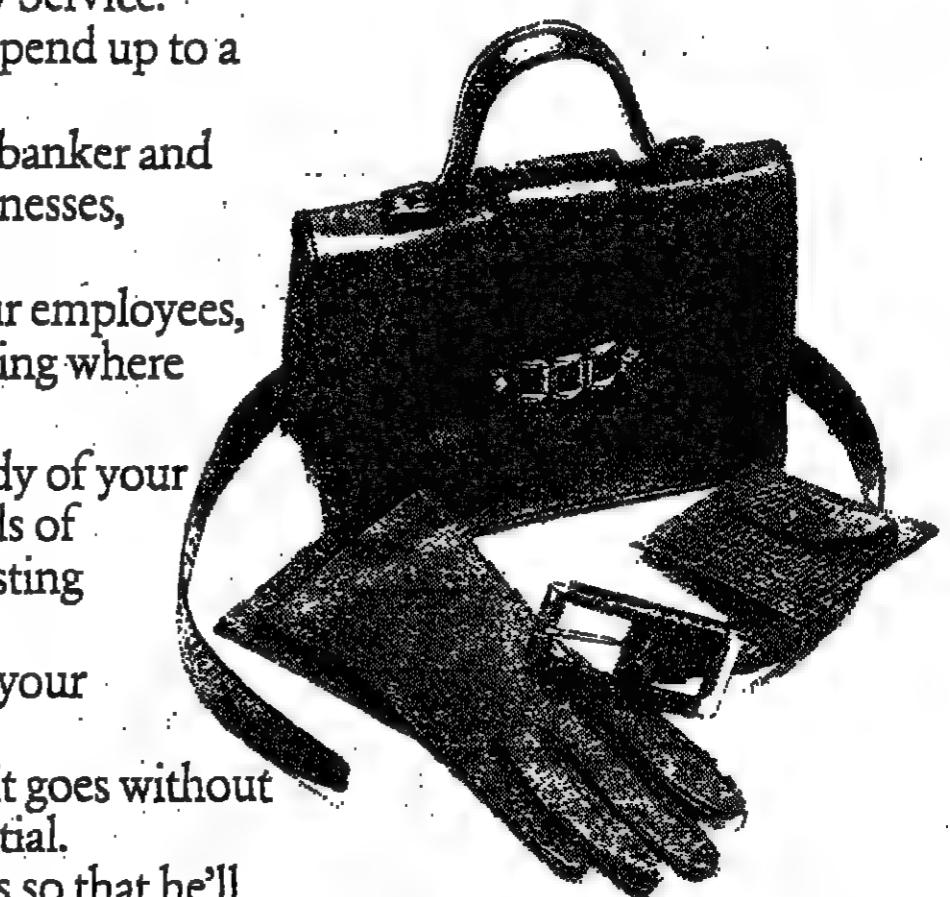
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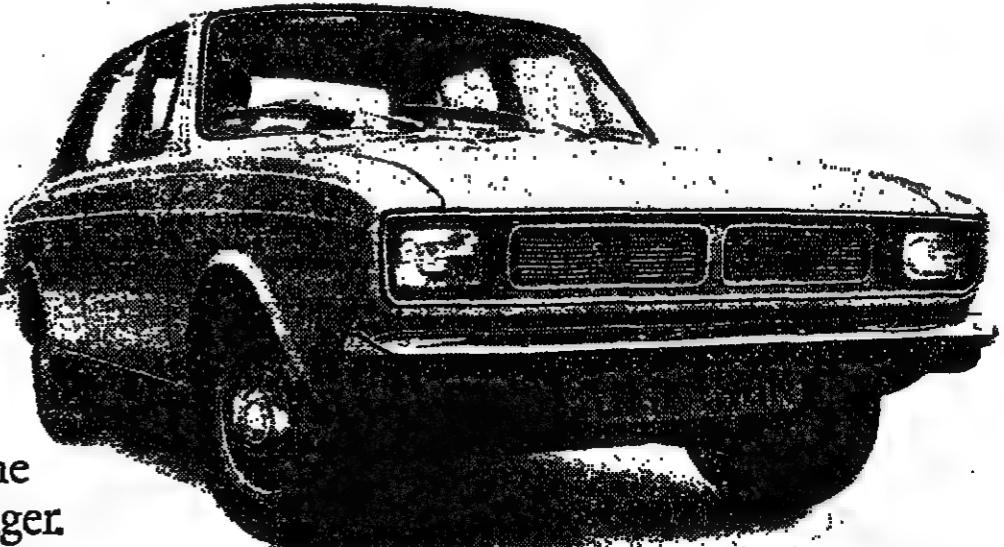
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THE SMALLER COMPANY VI

Taking on the risks

THERE ARE few bankers left some non-specialist venture out of it within five to eight year has seen a swing from the who like the description capital companies in Britain years and those who, while not need for the first type of finance "venture capital." It smacks too was silly, that granted the vast against selling to bigger coming to the second. There has much of high risk, high technology and occasional very high gap in market size between the panes or a flotation are quite always been a nervousness about the British and U.S. in electronics, happy to hold an investment allowing a bank to take a stake very good reason can even very risky area of business. This rewards. The European experience has had the high risks, but Miles Roman rather than a live off a mixture of the banking management, the suspicion because customers feel there will appeal to many sound little high technology and less Digital Equipment. But those return from loan stock and the being that the bank could some high rewards. In Britain, who lost so much money when venture capital has proved an venture capital was still an dividend return from the equity times force a sale at a bad time stake. In the first category come for the company's owners most of the merchant bank and Three additional factors have clearing bank offshoots, while now made those investors not to the Industrial and Commercial obviously looking for an "out" Finance Corporation, despite its more attractive. The first two quite happy to adopt the second market, a quote on which was within the specialists, there a specialist merchant bank like most customer companies is a natural division between Gresham Trust.

In retrospect, it is easy to say those who are, at the start of From the customer's point of view, it is possible that the last volatility of the market now

makes most people think twice about converting their paper to only offer a buying-in price money in the old-fashioned way. based around three or four if it is to preserve its margin in a A share price depressed for no is not the sort of price which they were doomed to pick a more or less indefinitely, and therefore have a say in damage old trading relationships is not the sort of price which because customers feel there will appeal to many sound companies must be something going wrong.

There is also the question of Those to whom small and the publicity involved in going medium companies can look to for sensible answers to this problem, available in a range of publications, the development of a range of the specialist bank's role in the field. These are the standpoints of keeping quiet few at anything other than the wider moments of a boom. A useful guide is provided by Richard Strong of Charterhouse, the development of a range of publications, the specialist bank's role in the field. These are the standpoints of keeping quiet quiet few at anything other than the wider moments of a boom. A useful guide is provided by Richard Strong of Charterhouse,

Raising Finance for the Smaller Company, published last year. He gave, in the order of the estimated minority investments in small companies, list of At the head, of course, was ICFC, for whom this is principle method in which it is still attempting to bridge the Macmillan Gap. It is also through Technical Development Capital, the only regular investor in the sort of technical start-up operation which characterised the most successful U.S. venture capitalists.

Those to whom small and medium companies can look to for sensible answers to this problem, available in a range of publications, the development of a range of the specialist bank's role in the field. These are the standpoints of keeping quiet quiet few at anything other than the wider moments of a boom. A useful guide is provided by Richard Strong of Charterhouse,

The third point is a tax one. Flotation or the sale of a company is a once-for-all cash in with a heavy tax levy and the possibility of having to pay annual instalments on what is left through wealth tax. The sort of relationship where the specialist banker is prepared to start with a low proportion of equity and put an extra 1 per cent each year to fund the owners' wealth tax is an intriguing possibility.

Whatever the forms of financing in the various mixtures of equity, convertible loans and short-term overdrafts, there would seem a strong case for saying that a better quality of company is now prepared to look to a bank taking equity in its unquoted stock. Most companies do not look for this collection effectiveness has been reduced. The practice of buying debt outright is not pursued now by the leading agencies, though it should be borne in mind that debt collectors usually pitch their charges high.

In recent years there has been one development that has had a beneficial impact on the question of credit operations. Credit cards have removed some of the qualms of shop keepers, with the bank (and, naturally, the customer) taking over publicly the guarantee of payment, although of course the trader has to accept the charge levied by the banking group running the scheme.

For not-so-small companies, on occasion, there are benefits to be gained on all sides by a self-respecting entrepreneur in preparing to sell his company's equity, even if the specialist bank is subscribing to new capital rather than buying out part of the owner's holding.

There are few enough market

guidelines to corporate worth

at present, but it is clear that to use a p/e guideline, the 15 to 20 areas seen with many new issues in the past is unlikely

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Credit management a crucial area

THE MANAGEMENT of credit, there are those customers whose scare away not only their business from suppliers and for plea for credit cannot be less, but also that of others refused, and those whose plea put off by the inevitable attention of the customers, is one of the most crucial areas of financial management for small companies. The extreme pressures which have built up in all sections of the business have underlined the importance of control, yet experts in the field seem agreed that there is a surprising amount of ignorance on the subject.

Maintaining scrutiny of credit has always been a complicated book-keeping exercise. The arrival of VAT made life rather more difficult: a more recent phenomenon has been the proliferation of consumer credit legislation. Even for the smallest of concerns, there are three positive steps which should be taken to ensure that the worst pitfalls of credit arrangements are avoided. First, the services of at least a part-time, accounttant should be sought. Second, that it has less to lose in confidence terms and is also willing to use and pay for the legal process.

Many small companies have experienced the reality of seeing bigger ones going slow on payment. Again, a particular sector of business seems to be suffering rather more than most. In the electrical industry one of the largest and best-known companies is reported to have warned its own suppliers that it does not intend paying bills in anything under three months from the date of presentation.

The one area where the small company does have some discretion, of course, is that of granting credit to its own private customers. But that course needs to be navigated with extreme care. The most important question seems simple enough: can the company afford it? There is little point offering generous credit terms if the aim is not to generate more turnover. The central issue is whether the time allowed for payment (usually ten days to a month) will be enough to cover the cost of the money supporting the credit operation. True, interest rates have come down significantly compared with a year ago, but credit managers still enjoy this facility. A worrying feature for some businesses in a weak bargaining position has been the emergence of nil credit terms. There is one area where this has become virtually standard practice: petrol retailing. The Institute of Credit Management, observing the economic difficulties of the last few months, reports "general surprise that more firms haven't bitten the dust." In that atmosphere, the c.o.d. trader deserves more sympathy than most.

The granting of credit, not to put too fine a point on it, is a hazardous undertaking. From the small company's angle, touch with dilatory payers will

Presenting your case

UNLIKE THE larger public present their case in an acceptable manner

The total disclosure required tends to differ slightly from one financial source to another but they all try to emphasise the necessity for the right presentation. Some of the banks have even published booklets explaining the format when seeking a loan, whilst the ICFC has written a paper in its review of 1974 listing its requirements and procedures.

A bank manager will have some idea as to the day-to-day running of the company from the current account. In most healthy businesses the account should show some seasonal fluctuation. If there is little fluctuation it could well be that the company has over-borrowed. In that case the bank manager would want to know the circumstances. It could be that the company's work cycle is long and contracts take time to be worked through to profits or that funds have been used for new plant or buildings that have not yet given their true return on capital employed. The company would be required to give all this type of background information.

It is surprising the number of companies that have loan applications turned down because they have not presented their case properly. Some of these companies may well have had sufficient trading prospects, or a money-spinning idea, or the right grounds for expansion but failed by not getting the point across during the assessment of the loan application. The banks and the specialist organisations are geared to analyse a number of applications at branch level and fairly quickly decisions sometimes have to be taken as to whether it is necessary to continue the assessment procedure.

Personalities are bound to be important, particularly in the marginal case. A sales-oriented outfit could, for example, show sufficient confidence in a project just to tip the scales. Anyway if the company is in any doubt as to whether it has a good case or how to present that case it would do it no harm to seek financial advice from its yearly basis. This should clearly demonstrate the cash budgets, normally on a financial advice from its yearly basis. This should clearly demonstrate the cash budgets, normally on a

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THE SMALLER COMPANY VIII

How facilities operate in continental Europe

THE BULK of European facilities for helping small companies look unfamiliar to English eyes.

In the U.K. the clearers provide most of the cash for small businesses. The two medium and long-term financing organisations, Finance Corporation for Industry and the Industrial and Commercial Finance Corporation, have made a relatively modest contribution.

In roughly 20 years their combined investments total only £270m.

Sectoral subsidies, cash grants and selective loans in development areas have also been introduced on a fairly intermittent basis, but most of the help which small companies receive is linked to taxation.

On the Continent, however,

a central bank is normally involved, with a specific brief to help companies with restricted access to capital. Loans can be guaranteed by the government concerned and the inevitable screening process can lead to a high level of intervention.

Holland provides a good example of this. The Nederlandse Middenstandsbank, third largest of the Dutch commercial banks, specialises in lending to small and medium-sized companies. Recent statistics show that special government-guaranteed loans to this category of trader accounted for around a fifth of the total loan portfolio.

Graded

These loans form part of a graded system of development comprising about eight steps.

Starting-up loans can be granted worth a maximum of Fls.50,000, to be repaid over 20 years. Entrepreneurs are encouraged to treat the loans as near-equity.

Loans for takeovers (Overnamekrediet) can be negotiated; working capital loans up to Fls. 150,000 can be raised; and mortgages backed by a State guarantee are also available.

Later, 20-year expansion money can be raised, provided the company has been in existence for three years, but the pre-tax figure must be less than a certain figure and ministerial approval is required. Cash can also be advanced for mergers—subject, of course, to ministerial approval—and there are special stand-by credit facilities for over-extended companies.

Istituto Mobiliare Italiano is Italy's largest medium and long-term credit bank, and is specially briefed to look after small and medium-sized companies. These "public law" operations, least of a company's investment interest along flexible private enterprise lines, exist to channel small company contrast pretty

savings towards relevant investment projects and they fund themselves out of public bond issues.

IMI can supply medium-term in 1971 expresses the overall attitude fairly succinctly—"the only means of dirigisme with us incentives."

Susion in France is important to the small man; President Giscard d'Estaing advised the banks to go easy on such during the recent credit squeeze, and the banks were allowed to lend beyond their allowed limits to this category of trader. Such preferential treatment is hardly surprising, bearing in mind the importance of small firms to the French economy. Recent statistics show that they account for about three-fifths of output and manpower.

Facilities comprise a whole battery of funding devices including special bond-issuing trade groups, mutual guarantees organisations, trade banks and special subsidies for the sole trader. Specially-appointed committees are reviewing the situation of the small man in the light of the present economic situation, and if a company is in real trouble it can appeal via its committee for intervention by the banks.

The two most thrusting organisations, however, are the Institut de Développement Industriel (IDI), and Crédit Hôtelier Commercial et Industriel.

IDI was set up in 1970, and is empowered to take stakes in firms of any size, including small and medium-sized operations, on a temporary basis (7-10 years). It also undertakes to provide financial advice to entrepreneurs to treat the loans as near-equity.

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sharply with the interventionist approach elsewhere in Europe. Certain areas in Germany have been designated development areas, and these receive special aid. Inducements offered include industrial credits at low interest rates, special pretax which distributes equally well up to different sides soft rates, perpetuates

London Chamber of Commerce the border zones between West and East Germany, the Saar applies to the small as well as for new companies.

A leading European banker summed up the contrary view by saying, à la Gertrude Stein finance, and this means that small companies remain U.K. and German systems of small companies because they're finance for small companies are small companies; basically, they have very little to sell. Putting

So the commercial banks presented the immediate source of money into them, especially at interest rates, special pretax which distributes equally well up to different sides soft rates, perpetuates

development areas consist of large commercial banks. Com can protect jobs; it can stimulate

panies tend to shop around for late initiative; it can provide the best terms, and this mobility ease of entry and development

regions with an inferior rate of growth.

Extreme

Bankers emphasise however, fairly close together. These two separate approaches money into them, especially at interest rates, special pretax which distributes equally well up to different sides soft rates, perpetuates

accelerated depreciation banking reduces the need for influence the workings of re-deployed better elsewhere.

Preferential tax treatment is short, medium or long-term. On the one hand, putting

Christopher Dunn

Taxation presents growing threat

THE IMPACT of taxation on a rather leave the money in the taxed as money. Its introduction will have most impact on the small family business who

financing operations. For the tax system that favoured retentions in their advantage. Such a system as operated losses are made.

Capital Transfer Tax is going to have much more serious repercussions on the financial problems of small family businesses. The impact of the rates as far disclosed is that it is going to take much longer to build up capital from current resources. CTT will accelerate the speed at which the capital is clawed back by the State. Two transfers of the assets can destroy the careful building up of generations.

But it seems as if imputation is here to stay and that being the case small companies will only be able to build up capital internally at a slower rate. If they are forced to go outside for fresh capital, the temptation must be to do it on a debt basis despite the very high servicing charges under current conditions.

The Wealth Tax proposals is here to stay and that being the case small companies will only be able to build up capital internally at a slower rate. If they are forced to go outside for fresh capital, the temptation must be to do it on a debt basis despite the very high servicing charges under current conditions.

The Wealth Tax proposals would work in a transfer and problem caused thereby. The third course, which has been discussed by no less an eminent authority than the Institute of Chartered Accountants is a further 15 per cent. To fragment the company into business has net tangible assets several different operations with of £1m. and after-tax profits of only a very loose control at the £144,000. The chairman wishes his son, who is the managing director of the company and has few financial resources of his own, to give half of his shares to his recommended from a business son, the business as far as cash resources are concerned.

Such a move would be effective where overseas subsidiary operations are involved.

If the chairman makes a straight transfer then the amount of CTT payable would be £449,963 if he meets the liability. The calculation of this amount is rather complex because the holdings of the chairman and his wife would be aggregated as related property and valued as parts of a combined 55 per cent holding. To add insult to injury, there could be an additional Capital Gains

Tax liability on top of this sum depending on the value of the business in 1985. If this was assessed at £500,000, the COT amount would be £22,500. The amount of tax payable is more than three times the current rate of earnings and the actual amount distributed in the form of dividends will be even less. Although payment can be spread over eight years by equal amounts without any interest.

Eric Short

Sound planning essential

FINANCIAL PLANNING is always there will always be assets tied up in the small business is to all intents and

periods of time when no earnings will be flowing into the business.

For the smaller company, a decision to invest in major physical expansion is fraught with uncertainties. Unlike

the strong suit of the small company is understandable. Typically, the growth of a small firm has revolved around a few personalities with either commercial or engineering expertise, and concern over the purely financial end of things has been restricted to the occasional consultation with the company's bank manager.

But if a degree of financial control is important in the day-to-day running of the business, it is essential when expansion is contemplated. In any case, with inflation running at present levels, almost drifting from one week to the next is likely, in a short period of time, to undermine a company's financial resources.

Even when the initial investment is believed to be worthwhile, and the money is available, companies have to take into account not only the lag between the start-up of a project and the date when revenue begins to accrue but also the period following, when money is leaving the company at a faster rate than it is coming in.

For the small company, such requirements should be included in fixed capital requirements rather than short term borrowing and highlight the need to arrange facilities, above and beyond this requirement, before the project is started.

The second kind of lag occurs in the day-to-day running of the company, that is, the production/sales cycle. This is the period between the purchase of raw materials, for cash or on credit, the payment of wages and other expenses and the final sale, again either

Financial requirements can be cash or credit, the proceeds of which are used to pay off the original creditors. The cycle of small companies can find hard work and financial accounting and management, and while not exactly unheard of in the smaller company, it is a distinction which management and the staff of clearing bank branches, the payment of wages and other expenses impress on their clients.

Financial requirements can be broken down most easily into fixed and working capital requirements, of course, varies enormously between companies and one can see the difference in the rapid stock turn on which profits are based.

One distinction that non-financial directors and managers make is that in each case the

over-abundance of working capital, or the other hand, will of working capital controls and pricing and discount policy with the aim of accelerating the inflow of cash and the consideration of hire-purchase, rental or sale lease-back arrangements.

The last of these is a question of strengthening working capital at the expense of the balance sheet, which may impair the ability to borrow in the future.

Most small companies find at some stage that there is a limit to how much can be borrowed to tide over the state or expand and the balance sheet entries for stocks, debtors and creditors remain unchanged.

The fact that this situation is to say the least unusual, emphasises the need for accurate cash forecasting and the linking of knife-edge relationship between fixed and working capital.

Inadequate working capital, if a cash deficiency is anticipated over a period of time, resulting from either labour or material shortages, can lead to it can be relieved, initially by an under-utilisation of fixed assets which harms the ability of the company to generate sufficient cash for the replacement of working capital. An over-abundance of working capital, on the other hand, will of working capital controls and pricing and discount policy with the aim of accelerating the inflow of cash and the consideration of hire-purchase, rental or sale lease-back arrangements.

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Advice

CONTINUED FROM PREVIOUS PAGE

are expected to arise from it.

Another way that a lasting relationship can be acquired with a business advisory committee through the services of Charterhouse Group. This operates in a completely different way to the other two, in that when Charterhouse offers financial assistance to a company it is more often

through the purchase of an equity holding than through a loan. Another different aspect of the Charterhouse operation is that they usually insist on the installation of a representative on the board of the client organisation with similar financial experience.

Harding, member of the Stock Exchange, says that the financial institutions involved in the market are becoming involved in an area touch with the company and can offer advice and guidance when ever a new venture or new Tom Kyle

becoming involved in an area touch with the company and can offer advice and guidance when ever a new venture or new Tom Kyle



A penny-farthing ride from Europe

By DAVID WATT

IF THE anti-Market forces turn out against all the odds, to win the referendum campaign the result can best be safely attributed to the cross-grained caution of the British temperament with its presumption, often well-founded, that when the entire Establishment is united in favour of some proposition there is bound to be something fishy about it. The possibility that this joker, lurking somewhere in the referendum pack, may yet turn up buoyed up the hopes of many anti-Market forces; but the trouble is that without at least some of the resources of the Establishment it is very hard to run a campaign.

The matter of speakers for instance, Britain in Europe, the pro-Market umbrella organisation, disposes of the services of dozens of well-known and well-liked individuals and individuals may have national figures ranging from Mrs Shirley Williams and Lord Feathers on the Labour side to Mr William Whitelaw and Mr Harold Macmillan on the Conservative. By contrast, the Canadian official, Mr Bob National Referendum Campaign, who is in effect the campaign director of the NRC, its Press conferences take place in a plush Park Lane hall by mid Benn, Castle, Foot, Jay, courtesy of Sir Ian McTaggart Powell, Shore, Jones, Scanlon and some anti-Market researchers are camping in the garrisons of the "Spectator" office in Gower Street. But the whole operation is really being run on a frayed shoe-string.

The NRC's budget apparently looks something like this:

Leaflets and stickers £62,000.

Press advertising £50,000.

Administration costs £10,000.

Grant to Scottish organisation £5,000.

Grant to Welsh organisation £4,000.

TV and radio programme £3,000.

The grand total of £134,000 is probably already more than the campaign disposes of. Leaflets and stickers will be sold and there will therefore be some cash return in the long run but it is unlikely to come in in large quantities until after the campaign is over.

This list is revealing. Almost

half the Government's donation is being spent on printing literature for distribution at local level. This is no surprise.

The argument is that NRC's strength, if it exists at all, lies and must be concentrated at the grass roots. Trade unions are effective grass roots organisations and there is a network of anti-Market groups in societies in the country. Let them dish out as much printed propaganda as possible. More surprising is the decision to spend nothing at all on mounting a campaign on bill boards and hoardings where people are accustomed to seeing their political propaganda displayed. But there is an explanation, which is, it seems, that hoardings have to be booked in advance and by the time NRC knew it would have enough money from the Government to operate in this field, all the best sites had been grabbed by Britain in Europe.

A decision for which there

seems to be very little rational explanation is the expenditure of so much on Press advertising and so little on preparing material to be shown free, in the four television slots provided by the BBC and ITV.

Britain in Europe's budget for television programmes, on my calculation, is at least as much as the entire Government are, on the whole, extremely conservative and their campaign

donation and this priority must

surely be right. Does the public would probably be run on other anti-Market union leaders read political advertisements in "middle-of-the-road" newspapers? Perhaps. But it is more money and speaking talent that they actually possess.

To some extent this is a matter of accident. The NRC is head of an organisation which

is an uneasy amalgam of a number of different anti-Market groupings, the chief of them being

the Keep Britain Out movement and the Common Market Safeguards Committee. Keep Britain Out, which had been

ploughing a lonely furrow for years with Mr Charles Frere-Smith, a solicitor, at the helm,

had the organisation up and down the country and ought, by involving themselves closely in the rights, to have taken over the organisation which

Mr Roy Jenkins and

other anti-Market Ministers

have, in effect, taken over the

people running the show.

It also became clear that

Mr Jack Jones and

lity in the Labour Party, anti-



Mr. Michael Foot, Mr. Anthony Wedgwood Benn, Mr. Peter Shore and Mrs. Barbara Castle take the platform at an anti-Market conference; few additional names are needed to complete the brief list of those in the campaign that the man in the street has heard of.

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Market Ministers have hesitated both pointless and distasteful to go in for publicity gimmicks and Tories in the NRC. Some like expensive packaging on the lines of "The Selling of the President". In other words Britain in Europe's slick, expensive campaign is positively un-British.

To some extent this is a deliberate and artful appeal to the underdog vote. One assumes an endearing air of Ealing Comedy nostalgia in the hope that no one will be able to bear the thought of the penny-farthing coming in last. And yet, I think, most of those involved

would less rickety and you will get two different replies. One is the last reel in spite of what the shrug of the shoulders: "We are opinion polls are saying. No doing our best against heavy odds". The other is "What do they exaggerate the efficiency of Britain in Europe

(which has plenty of problems of its own to contend with) and no doubt they exaggerate their own quaintness (an organisation which has the official backing of Transport House and the TUC is neither entirely friendless nor entirely innocent). But it seems

British politics is, and ought to be, a large voluntary affair; that Marxists put it, that the anti-Market campaign should be run on traditional British lines—undercapitalised, amateur and well-meaning.

This is not said with a sneer, but merely as a reflection of my own conviction that the fundamental emotion at the bottom of most opposition to Britain's membership of the EEC is fear of change. Those who are running the National Referendum Campaign prefer to run it by analogy with the past—pamphlets which few people read, Press advertisements to counteract the bias of Press "barons," and a contempt for the new media. There is nothing immoral about all this, but it is probably a good way to become a "gallant loser."

Letters to the Editor

Taxes on gains

From The Deputy Chairman, The Stock Exchange.

Sir—I had hoped that if any remarks of mine ever rated a headline on the front page of your journal, they would be concerned with the reduction of taxes on investors rather than any new form of taxation. Per

haps I might be allowed to put in context the remarks that I made in the Press, briefing on the evidence given to the Select Committee on Weights Tax (reported on May 23).

The message which the Committee on the Stock Exchange put forward was that a weights tax was an additional deterrent to those who were thrifty enough to save and to channel their savings particularly if related to income, particularly if short-term gains.

Any tax on short-term gains, particularly if related to income, can only lead to a stabilized market (and let me remember that there is already a 30 per cent tax on gains whether they be short-term or otherwise).

Investors as well as speculators are deterred from taking action even when it is clearly demanded.

Our previous experience of the short-term tax produced a noticeable restricted market.

Speculators are not in general the villains; they are not the ones held to be "not nice" they

generally the cause of a substantial movement in the stock market, only contributors to that movement. The volatility of the stock market in recent months has been caused by the technical factor of the availability or otherwise of stock.

Let it be said, one hopes, for the last time, that the Stock Exchange does not "make" the market; it is made by the institutions (pensions funds, etc.) and the general public. It is the duty of the Stock Exchange to further and advance the interests of those who wish to make use of the market. The more that freedom of action is constrained by irrelevant taxes, the less able the stock market to fulfil its function satisfactorily.

In the context of capital gains, I have a personal opinion that there is a better case for taxing short-term capital gains than long-term gains since the latter may largely be the result of inflation and outside the investor's control. We already suffer taxation on short-term gains and I did not advocate a new short term capital gains tax, but a reduction for longer term holdings.

If I hoped I also made it clear that the role of the speculator in the market place should not be underestimated and that the original introduction of capital gains tax had, in fact, resulted in sharper swings in the market due to the fact that the dampening effect of the speculator had been largely eliminated. When asked what proportion of Stock Exchange business was speculative, I pointed out that this was impossible to quantify and that statistics were taken from those firms with whom or on the record we would be likely to be dealing again since firms who can afford to give the time of one of their members to council work tend to have a greater proportion of institutional investment business than the average. I must emphasise that council members are elected as individuals and in no way represent the interests of their firms.

May I conclude by saying that in cases such as this there is a natural tendency to blame the Press for misrepresentation. Those of us who believe (May 20) offers us a bleak future as a nation. We should be working towards the American system where the tax on earned income is 50 per cent. For every extra two dollars earned a man can keep one. But

as far as I am concerned the 50 per cent tax on capital gains is 100 per cent. As far as I am concerned the 50 per cent tax on capital gains is 100 per cent.

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Adding to inflation

From Mr. J. F. Noyes.

Sir—Since Mr. Healey's Budget the politicians from right and left have been adding to the class war by blaming each other for our economic crisis. Mr. Healey now talks about wage increases as the main cause of inflation.

I have pleasure in showing you what part of our present taxation system plays in adding to inflation.

As usual, the trap laid to catch

the "softies" is the same as they

generally the cause of a substantial movement in the stock market, only contributors to that movement. The volatility of the stock market in recent months has been caused by the technical factor of the availability or otherwise of stock.

Let it be said, one hopes, for the last time, that the Stock Exchange does not "make" the market; it is made by the institutions (pensions funds, etc.) and the general public. It is the duty of the Stock Exchange to further and advance the interests of those who wish to make use of the market. The more that freedom of action is constrained by irrelevant taxes, the less able the stock market to fulfil its function satisfactorily.

In the context of capital gains, I have a personal opinion that there is a better case for taxing short-term capital gains than long-term gains since the latter may largely be the result of inflation and outside the investor's control. We already suffer taxation on short-term gains and I did not advocate a new short term capital gains tax, but a reduction for longer term holdings.

If I hoped I also made it clear that the role of the speculator in the market place should not be underestimated and that the original introduction of capital gains tax had, in fact, resulted in sharper swings in the market due to the fact that the dampening effect of the speculator had been largely eliminated. When asked what proportion of Stock Exchange business was speculative, I pointed out that this was impossible to quantify and that statistics were taken from those firms with whom or on the record we would be likely to be dealing again since firms who can afford to give the time of one of their members to council work tend to have a greater proportion of institutional investment business than the average. I must emphasise that council members are elected as individuals and in no way represent the interests of their firms.

May I conclude by saying that in cases such as this there is a natural tendency to blame the Press for misrepresentation. Those of us who believe (May 20) offers us a bleak future as a nation. We should be working towards the American system where the tax on earned income is 50 per cent. For every extra two dollars earned a man can keep one. But

as far as I am concerned the 50 per cent tax on capital gains is 100 per cent. As far as I am concerned the 50 per cent tax on capital gains is 100 per cent.

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As far as I am

COMPANY NEWS + COMMENT

Northern Foods £1.4m. first half leap

PROFIT BEFORE tax of Northern Foods jumped from £1.55m. to £2.96m. for the half year to March 31, 1975, and earnings per 25p share have doubled from 1.55p to 3.16p.

The interim dividend is raised from 0.84p to 1p net. Last year's total payment was £2.685m. from profits of £4.75m.

Chairman Mr. N. Horsley says that for the group it would be unrealistic to expect the percentage rate of growth to be maintained for the second half, but a further increase is confidently forecast, giving a substantial improvement in profit for the full year.

Commenting on the half year he states that the significant improvement in the trading of the cake and flour division arising out of considerable cost reductions has contributed materially to these figures.

Through a combination of increased volume sales, continued rationalisation and greater efficiency, good progress has been made by both the dairy and brewers divisions.

In a difficult period, British Credit Trust has matched last year's first half figures and there will be an overall improvement for the full year.

Despite the group's good performance this must be seen in the context of the continued rise in inflation with the consequent peril which this will bring to both the country and the company. Mr. Horsley points out:

	1974-75	1973-74	1972-73
Turnover	£1,533	£1,379	£9,326
Trading profit	£433	£249	£781
Dividend on trading profit	£197	£187	£172
Investment income	£14	£18	£12
Interest	£461	£282	£182
Liquidity	£2,033	£1,744	£1,433
Profit of BCT	£299	£217	£171
Share of assoc. Profit	£22	£157	£125
Profit before tax	£2,764	£1,524	£1,483
Taxation	£1,362	£768	£2,240
Net profit	£1,402	£756	£2,240
Minority profit	£5	£5	£5
Prof. dividends	£5	£5	£5
Extraord. credit	£1	£1	£1
Ordinary dividends	£493	£356	£1,058
Retained	£991	£391	£1,443

Comment

Northern Foods' brewery and dairy operations are ahead and so too is British Credit, but the feature of the interim profits recovery is a turnaround out of losses in the bakery division. Northern declines to spell out any of the figures involved but they are clearly substantial. This half, the brewery is going to benefit usefully from the end of rent controls; dairy products are still moving steadily forward and liquid milk sales remain buoyant; and British Credit could emerge from 1974-75 with profits of around £1m. up from £1.1m. in 1973-74. Add to all this continued recovery in baking, and a prospective yield of, say, 5.6 per cent. looks very fair at 74p—with cover rising to around the four-fold mark.

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Amalgamated Metal	34	4	Harland & Wolff	33	4
Associated Fisheries	30	7	Hay's Wharf	30	3
British Investment	33	1	I.C.I.	33	1
Brockhouse (L.)	30	4	Lipton (L.)	30	6
Castings	32	5	Lovell's Shipping	30	5
Consolidated Tin	34	4	Lyndale Engineering	30	4
Crene Fruehauf	33	2	Marks & Spencer	34	1
Debenham	22	6	Northern Foods	30	1
Duncan & Goodricke	32	4	Odex Racasan	30	4
Fitzwilson	30	2	Pork Farms	30	8
Friends Provident	32	4	Pritchard Services	32	1
Gleeson (M.J.)	34	3	Stenhouse Holdings	34	7
Group Lotus Car	32	7	Summer (Francis)	34	8
Halstead (James)	32	5	Trafalgar House	32	1
Hambros Investment	34	6	Wolvipn. & Dudley	33	5

Fitzwilson sees shortfall

AN ADVANCE in pre-tax profits and a maintained interim dividend of 3p gross for the six months to September 30, 1975, is announced by Fitzwilson, the industrial holding company. On sales of £39.8m. the group and its associates report "substantially" higher trading profits. However, increased interest charges leave pre-tax profit only marginally higher at £1.45m. against £1.4m.

Chairman Sir Basil Gouling

despite a maintained

level of overall profits for the first half-year, inflation has eroded the profitability of the group for the year and will continue to be a serious threat in the future.

Noting that there has been a considerable downturn in both the export and home demand for fertilisers, he says "this will adversely affect profits for the full year, which will therefore be below last year's 20.45m."

Commenting on the group's 27 per cent. stake in the dollar

earning National Mine Service of Pittsburgh, the chairman explains that a 267 per cent. increase in net earnings on a 56 per cent. sales increase was achieved in the third quarter of 1975 compared with the same quarter of 1974.

The group's total investment in National Mine Service now amounts to £1m. in securing a current market value of £18.6m.

In sterling terms, this represents a surplus over cost for the group of just over \$4m., the chairman says.

Comment

An extremely buoyant fertiliser division pushed up Fitzwilson's trading profits by 33 per cent. but depreciation and interest higher by 81 per cent. dropped the improvement to a mere 3 per cent. at the pre-tax stage. Fitzwilson holds large property investments,

which are basically financed through the bank, and with the additional help of £190,000 interest on the £4.4m. raised to finance the increased holding in National Mine the group feels that its overall borrowings need to be reduced. Property disposals are planned, which should make the current borrowing ratio of debt to shareholders' funds of one-to-one look less depressing. Nevertheless, as far as the half year of 1974-75 is concerned, the group is faced with high interest costs, while fertiliser demand is likely to slump. Further, tax relief on exports is not going to create the subnormal tax charge originally hoped for; associates and half of the £20.7m. profit from subsidiaries are open to full tax charges. The interim dividend is stepped up from 4.41p to 5p per 25p share—total for 1973-74 was 11.055p.

Hay's Wharf 2nd quarter setback

FIRST HALF (to March 31, 1975) pre-tax profit of The Proprietors of Hay's Wharf increased marginally from £1.73m. to £1.74m. turnover and profit for the year to September 30, 1974 were £31m. and £1.45m. respectively.

First quarter profits were well up but the second quarter's were badly affected by industrial troubles in the Port of London. The London companies, however, are now recovering from the worst effects of the troubles the directors state.

The interim dividend is 1.293p net per 1p share. Last year's total was 4.151p.

SCOTTISH INV. TRUST

An extremely buoyant fertiliser division pushed up Fitzwilson's trading profits by 33 per cent. but depreciation and interest higher by 81 per cent. dropped the improvement to a mere 3 per cent. at the pre-tax stage. Fitzwilson holds large property investments,

turnover and profit advanced from £95.508 to £100,162 for the year to March 31, 1975, from a rise of £28.600 to £36.400 at half-way.

Earnings per 25p share are given at 1.65p (1p) and the dividend is stepped up from 2.575p to 3.575p with a final of 2.575p.

The directors say that the result, while most satisfactory, was not quite as good as expected at the time of the interim report.

The closing period of the year showing the impact of the recession in the international trade, the effect of which has hit almost all sectors of the economy in 1975 while costs are still inflating combined with the heavy cost of the recent labour disputes in the London docks, a substantial loss for the first half of the current year is inevitable.

Trading losses are likely to continue for some months but steps have been taken to meet this situation with a view to reducing the losses and returning to profitable trading as soon as there is an improvement in business conditions.

The directors expect to pay dividends on the increased capital totalling 1.35p per share (equivalent to 3.05 gross) for 1975.

This represents an increase of 46 per cent. on the gross total paid for 1974.

At the end of last year the book value of buildings on lease, principally to local authorities, amounted to over £1m. an increase of 12.2 per cent. in 25 per cent. The issue is being made to raise further capital for investment and to enable the Group to expand at home and overseas.

Dealers are expected to commence next Tuesday and the last date for acceptance is Friday, June 13. The issue has been underwritten by Copley's Bank Limited and the brokers are Sheppard's and Chase.

NORTH ATLANTIC SECURITIES

North Atlantic Securities Corporation announces that approximately 80 million of the £200,000 Unsecured Loan Stock due 1992-96 offered by way of rights has been taken up. The balance has been sold for the benefit of the Ordinary shareholders entitled thereto.

The interim dividend is raised from 2.355p to 6.05p. Last year's total was 1.34p.

CELESTINE JAPAN

Celestine Japan Investment Trust proposes to raise approximately £1.5m. by a placing of 1.25m. new Ordinary shares of 50p each at 135p per share being the unadjusted net asset value fully diluted as at May 19, 1975.

The placing has been carried out by Hambros Bank, Crosthwaite and Hoddingshead, Stirling Grumbar with a limited number of institutional investors and is subject to the approval of shareholders in general meeting.

CELTIC BASIN

Celtic Basin Oil Exploration announces that in respect of the company's Rights issue of 167,700 shares of £1 each at 15 per cent. that applications were received

for 135,936 representing 81.1 per cent. of the issue. The balance of 18.9 per cent. was taken up by the underwriter.

The company has allotted for £1m. cash 149,066 shares of £1 each to Manx Petroleum, representing 80 per cent. of the capital after such allotment.

MANY PETROLEUM

Many Petroleum announces that in respect of the company's Rights issue of 120,000 shares of £1 each, applications were received for 90,240 shares representing 75.7 per cent. of the issue, the balance of 24.3 per cent. was taken up by the underwriters. Of the proceeds £1m. has been subscribed for 149,066 shares in Celtic Basin Oil Exploration Limited representing 40 per cent. of that company's capital after such subscription.

Dealers are expected to commence next Tuesday and the last date for acceptance is Friday, June 13.

The issue has been underwritten by Copley's Bank Limited and the brokers are Sheppard's and Chase.

To Shareholders of

WRIGHT, BINDLEY & GELL

Your Board strongly advises you to

REJECT THE PENTOS OFFER

Because:

The Offer is less than the present market value of your WBG shares.

The Offer values WBG at a price earnings multiple of only 5.98

(compared with the F.T.-Actuaries Share Index published 22nd May, 1975, for Industrial Companies of 8.46) and on a dividend yield of 11.54 per cent.—an inadequate valuation on both counts.

Reinvestment of the net proceeds you would receive could well result in a substantial reduction in your income and you would not receive the interim dividend payable on 7th July, 1975.

The Offer values WBG at a discount of over forty per cent. on its net asset value.

The Directors of WBG (except Mr. P. M. North, who is also a Director of Pentos) have taken all reasonable care to ensure that the facts stated and opinions expressed above are fair and accurate and that no material factors or considerations have been omitted and they jointly and severally accept responsibility accordingly.

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The Directors of WBG (

Fisheries £1.62m.
 Pork Farm advances £0.2m.
 comment
 MINETTI BENT
 This is Savile Row
 E & H
 EY & GEL
 advises your
 TOS OFFER

RTZ pre and post tax profits substantially down in 1975

Sir Val Duncan

Chairman and Chief Executive, at the Annual General Meeting, 21 May 1975

JV, in its

1974

The results for 1974 once again showed a record Group sales revenue and Group profit before tax. The revenue has climbed from £933.2 million in 1973, over the thousand million mark to £1,164 million and the Group profit before tax was £279 million, compared with £224 million in 1973. Having said that, however, the increased figures must be looked at in the light of the falling value of money, and you will note that the net profit attributable to RTZ shareholders of £62.5 million was some £7 million short of the year before. This was solely accounted for by the very substantial increase in tax which rose from £58 million in 1973 to £139 million in 1974.

The Rights issue, raising around £33 million, was successful at 125p when the shares were standing at 164p and they have since risen today to a level of 209p.

I wish to say a word about our Accumulating Shares. The Chancellor stated in his budget speech on 15 April 1975, that he proposed to charge stock dividends to tax with effect from 6 April 1975. The Finance Bill which was published on 30 April sets out to tax the shares issued in lieu of dividends under the Accumulating Shares Scheme to holders of Accumulating Shares as if they had received cash and not shares. This would apply to the final dividend due to be paid on July 1975. I can assure shareholders that representations are being made to the Government on their behalf about this matter and you will be kept informed of the position.

Outlook for 1975

Shareholders will be aware that whereas metal prices were very buoyant for the greater part of 1974, towards the end of the year they exhibited signs of weakness and up to date in 1975 they have been at far lower levels than they were throughout the previous year. The single exception to this was the price of precious metals, which is of course a very important item in the revenue of Bougainville. As usual I find it difficult to prognosticate on profits and perhaps even more so during this current year, because the world is still in a substantial recession and, as is normal, when recessions start, a de-stocking process takes place with raw materials which aggravates the fall in price levels while this is in operation. De-stocking is now well advanced but the level of trade has not picked up and re-stocking is therefore unlikely to do much in restoring metal prices during 1975. I would therefore expect our pre and post tax profits to be substantially down this year.

Indeed, I am perturbed at some of the present price levels because it is almost impossible for new mines to be financed and brought into operation at anything like these levels, and unless they are restored nearer the median line of the high quotation of last year and the low quotation of this year, there is likely to be an upswing to unprecedentedly high prices when trade recovers. You might imagine that your Corporation should not be too worried at this prospect, but we feel strongly that a greater stability of prices at reasonable levels is highly desirable, in the interests of both consumer and producer alike, and incidentally, of course, for developing countries as well as important industrial nations like Britain, to whom stability is so essential. It is, of course, important to note that such a large proportion of RTZ's income emanates from overseas and much of this from relatively stable countries whose long-term outlook give cause for confidence. In your manifold overseas activities and I must confess that with inflation raging in the United Kingdom at between 20 and 25% a year, it is not unsatisfactory that so much of your earnings come from countries which, on current performance, already appear to have passed the peak of their inflation. As the Directors' Report and Review of Operations published with the Accounts goes into some detail in much of what we are doing in the world, I do not propose to duplicate this, but there are four areas to which I should like to make reference, namely Australia, Africa, North America and the United Kingdom.

Australia

Australia in general has been going through a difficult phase with high inflation and rather low metal prices. The effect of these two factors together with the present exchange rate of the Australian dollar, have produced unsatisfactory trading conditions, and this applies to virtually all the commodities which your Group produces there, notably lead, zinc, iron ore and aluminium. Your companies are making strenuous efforts to reduce the impact of inflation on their operating costs, but I would give you a totally false impression if I were to claim that the most inexorably cost-effective operations could make up for more than a small part of the inflationary trends. The atmosphere in Canberra towards companies like CRA, which in the last few years were regarded as British and are now regarded as foreign, is not exactly assisting local management — this despite the fact that CRA's management and staff are almost one hundred per cent Australian, apart from overseas interests in Papua New Guinea, the United Kingdom and Europe, and the Group has close to 80,000 shareholders with Australian addresses. One hopes for the day when the services rendered in Australia by corporations will be judged more by their contribution to net economic welfare than by the passports of the financial investors.

Papua New Guinea

So far as Bougainville Copper Limited is concerned, I believe that the management at

all levels and the work force continue to contribute most importantly to the life of Papua New Guinea. The volatility of metal prices such as copper are even more important in developing countries like Papua New Guinea than in developed countries. Every year progress is made in the training of Papua New Guinea nationals and a corresponding increase in the responsibilities they are able to undertake in Bougainville at all levels. Shareholders may have read press reports of a disruption of operations at Panguna last week, caused by riots following an industrial dispute. I am happy to tell you that production was resumed on Sunday and reached 90 per cent of normal soon after. Damage, though widespread, was mainly confined to such things as windows and windscreens and other non-productive items. Bougainville Copper has re-employed those who have been released from police custody and who were not involved in malicious damage. Most of them reported for work immediately.

Southern Africa

In Southern Africa your Group has, apart from a very interesting general exploration programme, two most important endeavours, Palabora in the Republic of South Africa and the Rossing uranium mine in South West Africa. As is usual in March, a number of my London colleagues and I visited both these undertakings. It was heartening to see not only the continuing efficiency at Palabora, but continued progress on the social front, notably the high quality housing and other buildings now nearing completion at Namakgale, the African township. None of my colleagues in Johannesburg or London are complacent about the progress we are making in black advancement, but we do feel that we are progressing significantly every year, and we are finding that much of the progress will stand us in good stead when Rossing Uranium, which is now under construction, comes into operation during the course of 1976. I think one will be able to claim, when its black township of Arandis is completed, that it will be ahead in standards and social amenities of any other undertaking in South West Africa.

So far as the political situation is concerned, it is encouraging to see the sincere attempts being made by the leaders in such countries as South Africa and Zambia to arrive at a better understanding for the benefit of all. Nobody can predict with certainty the outcome of the various moves now being made for detente, and whilst there is a long way to go for the ultimate objectives, if the present trendline continues I would be very hopeful that this will produce a better relationship between the various racial groups on that continent, and that the evolving scene will produce in time more effective participation by all members of society in their respective countries. Of course one very much hopes that these moves will permit a progressive and satisfactory solution to the problems in Rhodesia and a constructive solution in South West Africa.

Brinco underwent involuntary surgical treatment last year because of the insistence by the Province of Newfoundland in buying the hydro-electric development at Churchill Falls, which was the principal asset of the Corporation. The Provincial Government assumed the obligations of Churchill Falls and paid Can\$160 million for the equity. The

as a joint decision of all the peoples involved there.

North America

Turning to North America, where we have in the Group four noteworthy corporations, namely US Borax in the United States, Rio Algom, Brinco and Indal in Canada. US Borax underwent a rather long strike last year, during which the staff manned the mines and refineries and maintained production with great credit, particularly bearing in mind the fact that US Borax produces well over half the boron products for the United States. This complex is increasing its production satisfactorily, and whilst there may be some decline in demand during the second half of this year, the longer term outlook is bright for very considerably increased production and sales, both domestic and international.

In Canada, Rio Algom's earnings before taxes were at a record level last year. These derived from their principal undertakings, namely the uranium mine at Elliot Lake, Atlas Steels and the Lornex copper mine in British Columbia. Lately there has been some downturn in steel and also a sharp recession in copper, but uranium demand — in contrast to most other minerals — is expanding rapidly, and the outlook for its future is undoubtedly good. Rio Algom announced last week the first phase of an expansion programme at the Elliot Lake uranium mine costing Can\$7.6 million, which will increase the milling rate from 4,500 to 7,000 tons of ore a day by 1978. Because of increased taxes the net earnings were 16% lower than the record high achieved in the previous year.

It is unfortunate that Lomex, like other mining undertakings in British Columbia, is at present being squeezed financially between the Provincial and Federal Governments. Their combined claim for taxes could even exceed the total profit of a mining undertaking in that province. I do not believe that this situation can continue for ever. Meanwhile, of course, those companies which have the expertise to develop natural resources in British Columbia are showing no great enthusiasm for any further developments; nor are they likely to do so until there is a realistic recognition between the two Governments concerned of the necessary risk/reward ratio endemic in the mining industry. In the meanwhile, Lornex is a well managed corporation and one must merely await the dawn of political reality.

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Board of Brinco decided that as the sub-stratum of the Corporation had been removed, shareholders should be given an opportunity — if they so wished — to take cash for their shares. A considerable number of shareholders did so and at one time a merger was proposed between Rio Algom and Brinco. Market forces and other factors rendered the merger impracticable, and Brinco now finds itself with a small but high grade staff and around Can\$80 million in cash and some interesting natural resource assets. The Board of Brinco intends to build up the Corporation again, with the full support of RTZ and the other principal shareholders, and meanwhile there is a very active exploration organisation operating from coast to coast. Your Corporation has found itself unwittingly, together with various other overseas partners, with something like 90% of the shareholding in Brinco. It was, of course, never our intention to have such a high percentage: this was merely the consequence of the Churchill Falls and subsequent transactions, and we shall await suitable occasions to achieve a greater degree of Canadianisation of ownership and thus a reduction in RTZ's percentage holding to something much nearer our original figure.

The fourth interest in North America is Indal, which has made great progress in aluminium extrusions and its other metal interests, together with a new and interesting development in tempered glass.

This company, which has a strong Canadian shareholding, is of course closely allied with the other Pillar Aluminium undertakings whose headquarters are in London.

is depressed to a degree which has not been seen since the 1930s; secondly, the cost of the essential imported raw materials has risen enormously, aggravated of course by the fall in sterling viz-a-viz other currencies; and thirdly, there has very recently been an unusually high failure of pots. Up to date it has been a disappointing result, but the team is redoubling its efforts to overcome the problems which are within the control of management and the work force. Given success in this endeavour, the inevitable upturn in the market should make what today is a poor investment into a satisfactory one. Last year shareholders suggested that if more detailed information than was included in the Annual Report could be made available on certain subjects it would be of interest to them and save time at this meeting. As an experiment this year, three Fact Sheets have been produced on aspects of your Group's operations in South Africa and South West Africa, and on environmental matters.

RTZ Board Changes

I now come to some top management matters in RTZ which I am sure will be of great interest to shareholders. For over twenty years Roy Wright who, as you know, is Deputy Chairman and Deputy Chief Executive, has been one of a small number of people primarily concerned with the higher policy and action, and he has contributed most significantly to the building up of this Corporation. He has served on many of our Group Boards both at home and overseas and has been on this Corporation's Board since its inception. Roy Wright has for some time now felt that he would wish to be relieved of some of his heavy executive responsibilities and will therefore be relinquishing his post as Deputy Chairman and Deputy Chief Executive. At the same time I am happy to tell you that he is to continue as a Director of this Company, working part time, once again both at home and overseas, in those key sectors of RTZ to which he has contributed so much in the past. We owe a great debt of gratitude to Roy Wright for his past services; indeed I think it is fair to say that without his original and creative thinking RTZ would not be the strong international Corporation that it is today. My colleagues and I are, of course, delighted that he will continue to work with us in the future. It is proposed to elect Lord Shackleton as a Deputy Chairman of RTZ in addition of course to Sir Mark Turner, and I know the whole organisation very much welcomes this appointment — one of those rather rare occasions where a man who made his mark with great distinction in Government can so easily and naturally move again into an industrial organisation and win so quickly the confidence of all his colleagues.

I should also refer to the fact that there are three members of the Board who, after many years' service, are not offering themselves for re-election on this occasion. We are grateful for the services of Mr Colville and Mr Ballieu in their capacity as non-executive Directors, and I should add a special word about Mr Ken Lane, who is withdrawing from business circles and whom we shall miss very much.

I also wish to thank Mr Gerald Coke who retired from the Board during the year. He has served on the Board since 1947 and was for a period Chairman of the Rio Tinto Company Limited. Throughout his service with the Company Mr Coke's wisdom was a quite outstanding quality, for which we have all been most grateful.

We congratulate Mr William D Mulholland, Jr, who as head of Brinco, was a member of your Board and has now become President of the Bank of Montreal.

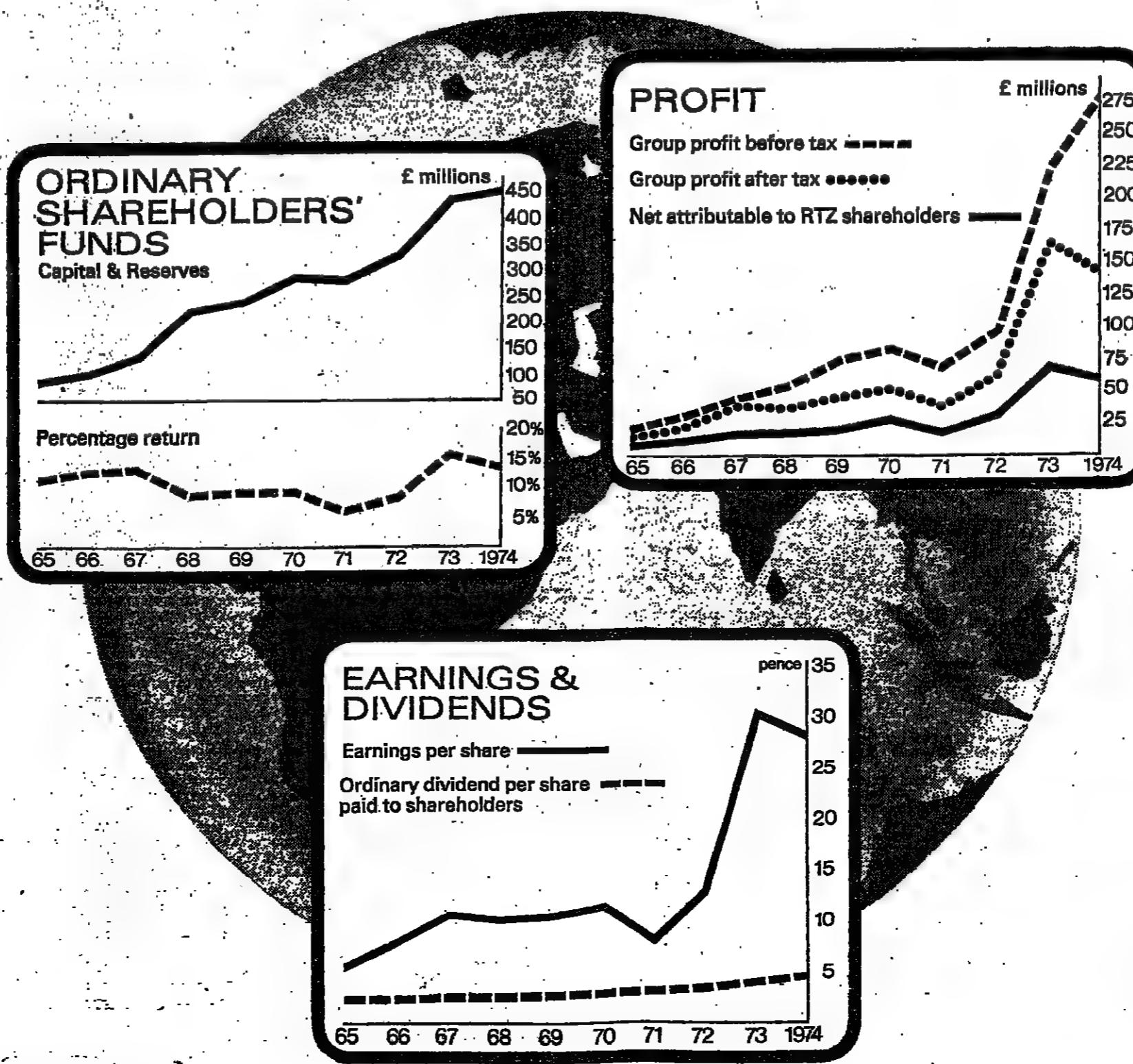
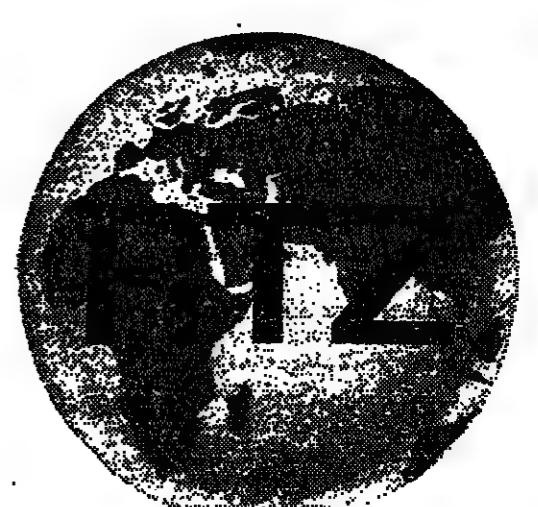
I am particularly delighted that several young members have joined the Board in the last few months. It is exhilarating to see our younger colleagues in action and it is good to feel that they will be progressively increasing their share of the work load, not only in this Headquarters but serving on other Group Boards as well.

In addition to these younger members, I am sure the shareholders will also have noted with great interest that Lord Carrington and Lord Greene have joined the Board.

Tribute to Staff

At this point may I express on behalf of the Board, and I believe also of you, our grateful thanks to all those who work in the RTZ Group throughout the world. Their dedication and loyalty is a major factor in ensuring that the many present difficulties will be overcome and the long-term success of your Corporation will continue.

Copies of Sir Val Duncan's full Speech, and the Annual Report for 1974, may be obtained from The Registrar, RTZ, Central Registration Ltd, 1 Redcliff Street, Bristol BS1 6NT, or The Secretary, 6 St James's Square London SW1Y 4LD.



The Rio Tinto-Zinc Corporation Limited



First three months' results

The Board of Directors of Imperial Chemical Industries Limited announce the following unaudited figures of the trading results of the Group for the first quarter of 1975 with comparative figures for 1974.

1974 First Quarter	Year 1975 First Quarter	£ millions	£ millions
SALES TO EXTERNAL CUSTOMERS	748	748	
PROMT BEFORE TAXATION & GRANTS	80	80	
After providing for: Depreciation	41	41	
Taxation less investment grants	36	36	
Regional development grants	7	7	
PROMT AFTER TAXATION & GRANTS	51	51	
Extraordinary items	—	—	
Applicable to minorities	51	51	
PROMT AFTER TAXATION & GRANTS APPLICABLE TO IMPERIAL CHEMICAL INDUSTRIES LIMITED	47	47	

Group sales in the first quarter of 1975 were 13% higher than in the corresponding quarter last year. Sales in the U.K. increased from £21m to £23.4m and those overseas from £38.8m to £43.4m. The total value of exports for the quarter was £147m (£147.4m).

Group pre-tax profits continue to be depressed by the effects of the world-wide recession particularly for fibres and plastics products. The diversity of the Group's operations in terms of both product and territory has however helped profits during a difficult quarter.

The following table summarises the quarterly sales and profits before taxation:

	Group profit before tax	£ millions	£ millions
1974 1st Quarter	661	122	
2nd Quarter	783	132	
3rd Quarter	785	118	
4th Quarter	746	82	
Year	2,955	455	

The total profits need, however, to be judged in the light of inflation. If adjustments were made for the impact of current inflation on these figures, the Group profit before tax of £80m would be reduced by £50m; this compares with a corresponding reduction of £128m for the whole of the year 1974 for the conditions of inflation which existed then.

The charge for taxation in the first quarter of 1975 consisted of £8m of corporation tax, £12m overseas tax and £1m of tax on principal associated companies, less a credit of £5m for investment grants.

The trading results for the first half of 1975 will be announced on 4 September 1975.

L.J. Dewhurst Holdings Limited

Highlights from the statement by the Chairman, ALISTAIR J. DEWHIRST.

★ Pre tax profit of £487,150—an increase of 28%.
★ Sales up to £5,741,000—an increase of 38%.

★ Dividend for year 2.48p net—the maximum permitted.

★ 60% of shareholders chose shares in lieu of dividend—adding £105,000 to permanent capital.

★ Substantial progress at Pannywall mens suit factory—casual jackets and trousers now added to range. New factory extension will be in production in Autumn.

★ Production of shirts and blouses maintains high level with wider product range.

★ Sales to Marks & Spencer Ltd., exceed annual rate of £5 million for first time.

★ We continue to seek opportunities to expand range and production capacity—however the Board's most important responsibility will be to ensure that existing factories are fully and profitably employed and to maintain adequate cash resources.

★ Good start made in sales and production levels and expect increased first half profits. Difficult to forecast full years profits but we are in good shape and heart to face future challenges and expect to grow satisfactorily in current year.



Copies of the Report and Accounts may be obtained from The Secretary,
J. J. Dewhurst Holdings Ltd., Durbar House,
Westgate, Driffield, North Humberside.
YO25 7TH

HARTE MACHINERY INTERNATIONAL LTD.

(Machine Tool and Engineering Group)

Year ended 31st December	1974	1973
	£'000s	£'000s
Turnover	8,002.3	6,622.4
Profit Before Taxation	406.9	306.4
To Taxation	224.2	158.7
Dividends	54.9	46.7
Retained Profit	100.4	73.6
Earnings per share	7.15p	6.54p

Mr. Derek Hartle, Chairman, reports:

★ Record profits in 1974 were 32% up on the previous year and three times the level reached as recently as 1971.

★ The total dividend of 2.15p per share is the maximum allowed under present Government restrictions.

★ Interest in the Group's products continues both at home and overseas but for this interest to continue it is essential for the authorities to create a climate conducive to capital investment.

★ Our efforts will be intensified to ensure that the Group operates to the fullest possible benefit of its customers, shareholders and employees.

HARTE MACHINERY INTERNATIONAL LTD.

MACHINE TOOL GROUP FOR THE 70'S

Bank House, Charlotte Street, Manchester

Half way progress for Trafalgar House

BOARD MEETINGS

REPORTING profits up from £9.6m. to £9.8m. for Trafalgar House Investments in the half year ended March 31, 1975, chairman Mr. Nigel Brookes says the company has come through a difficult and testing time in good shape.

Profits on land sales and ships totalled over £50m., against £27m. Eliminating these the advance in profit is £2.7m.

"We are still adopting a cautious and defensive posture and our deliberate expansion of overseas operations is going well," he says.

Mr. Brookes continues to be confident in the composition of the company, and says current year profits will exceed £10.5m. despite the absence of significant contributions from ships and building land.

Earnings are given as 52p (p) per 20p share basis and a 40p (p) per 20p share basis, all £0.40 (p) per share.

The interim dividend is raised by the maximum—from 1.777p to 1.834p—and it is intended to repeat this in the final.

As the Budget eliminated the principal attractions of the accumulating Ordinary shares, holders are advised to consider converting back to Ordinary.

Group sales in the first quarter of 1975 were 13% higher than in the corresponding quarter last year. Sales in the U.K. increased from £21.2m. to £23.4m. and those overseas from £38.8m. to £43.4m. The total value of exports for the quarter was £147m (£147.4m.).

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As the Budget eliminated

ICI first quarter downturn

ON EXTERNAL SALES up 13 per cent to £745m, first quarter 1975 stock markets seem bound to profit from a period of stability, reflected in a further spell of fluctuating share prices.

Industrial output fell from £22m to £20m before tax and grants.

The figures for the year 1974 were £1,555m and £1,655m, respectively.

First quarter sales in the U.K. well-managed companies with increased from £222m to £214m, established records.

Other overseas figures were £434m.

The job value of exports was £147m (£154m).

Profits continue to be depressed by the effects of the world-wide recession particularly for the oil and petrochemicals products, which have had a significant impact on the group's operations in terms of both product and territory.

It has, however, helped profits during a difficult quarter, the directors state.

First quarter 1975	1974	1973
External sales	£745m	£674m
After depreciation	£41m	£40m
Taxation	£36m	£34m
Net profit before tax	£11m	£12m
External debts	£10m	£10m
Mortgages	£10m	£10m
Amortisation	£1m	£1m
Total	£1,555m	£1,655m

It is pointed out that total profits need to be judged in the light of inflation. If adjustments were made for the impact of current inflation on the figures, the profit of £80m would be reduced by £50m; this compares with a corresponding reduction of £123m for the year 1974 for the conditions of inflation which existed then.

The charge for tax in the first quarter of 1975 consists of £20m of corporation tax on principal associated companies, less a credit of £5m for investment grants.

Statement Page 22

See Lex

British Investment

Some increase in dividends can be expected in the coming years and the property subsidiaries will benefit from the lifting of controls. The directors state the directors of The British Investment Trust.

They believe the dividend rate can be maintained, although it may be difficult to achieve any overall increase in earnings.

£4m. orders for Crane Fruehauf

The strategies pursued by Crane Fruehauf in recent years, of streamlining and developing management and diversifying the group's activities, will enable the company "to ride out the storm better than most," says Mr. L. H. Allwood, chairman, in his annual review.

But whatever happens, 1975 will be a hard and difficult year, he adds.

In the first quarter of the current year orders worth nearly £1m have been secured, including significant contracts from Burma, Iran and Kuwait.

Mr. Allwood says that the sudden transition from expansion to contraction has necessitated a complete revision of the corporate

STANLEY GIBBONS GOES INTO ANTIQUE MAPS

Stanley Gibbons, is extending into another collecting field—antique maps. Mapellers, a new company, will begin trading from 37, Southampton Street, London, on June 3. It will deal in old maps, sea charts and atlases from 1500-1850.

The bulk of the individual old maps dealt in will be priced from a few pounds up to £1000 in the thousands, while the old atlases, which have been realising prices up to £20,000, will also be stocked by Mapellers.

Uncertainties still exist regarding the rate of inflation and the

need to be commensurate with the greater responsibility taken if we are to attract and retain those capable of producing the wealth

The Role of Government

Whence we begin to put things right? The most important element in the equation is Government. Here we have the great—but avoidable—complication that our history since the war has been dominated by a conflict of ideologies on basic industries, such as steel, which has alternated several times between private ownership and state ownership. I feel strongly that the nation can no longer afford the luxury of these changes as we are fighting for our lives and I view, with gross misgivings, the present policy of endeavouring to take even more of our industry into Government ownership. From numerous public opinion polls it has become evident that the majority of the nation does not want any more nationalisation. May I, therefore, make a plea that since we are in deep waters, let's have no further action to nationalise more of our industry. Let us stay where we are for the time being, until the nation is on an even keel.

Competing Ideologies

In the situation in which we now find ourselves—not where we would like to be but where we are right now—the nation is apparently being presented with a direct choice between two basic philosophies: first, the thought that our salvation lies solely in letting market forces operate unrestrainedly until we are once again in a situation of normality, or secondly that we should radically change the system to something approaching a Marxist pattern, where the ownership of additional important industries is permanently transferred from private enterprise to the state. To me these positions are both extreme, far too black and white for what the nation really requires. I believe that the overwhelming majority of the people in this country now want to make the present mixed economy work and wish for sufficiently therapeutic measures to be taken to enable it to do so. The first ideology might cure the situation given time, but the damage done to the unity of the nation might be so severe that it would leave an in-born bitterness and perhaps permanent scars.

The second ideology would, in my view, be even worse, for the British Government/Civil Service equation is not fitted for the role of control over such complex industries if they are to be run successfully which, of course, includes profitably. Moreover, if carried to its logical conclusion, it would destroy the innate sturdy independence of the individual and his proper sense of responsibility for himself and his family. From this experiment I fear we would never recover.

A New Philosophy

There is, however, a halfway position which I believe is practical and would appeal more to the character of the British and moreover enable us to recover the situation in a manner more consistent with our history. It would be a recognition by Government that they are not without some responsibility for the present plight of British industry and that as trustees, so to speak, for the taxpayer they should be prepared to provide assistance where it is necessary and justified, without prejudice to the ultimate pattern, but on terms which would promise a reasonable reward to the Government and therefore to the taxpayer down the road.

The Rio Tinto-Zinc Corporation Limited

Harland's loss cut to £16.7m.

THE LOSS on work carried out substantially improved productivity. The shipbuilders and engineers at Harland and Wolff of Belfast was believed, however, to have made the best assessment they can under these circumstances.

The arrears of preference stock dividend to December 31, 1974, amount to £16,600 excluding related tax credit.

W'hampton & Dudley up so far

Reporting a rise in taxable profits from £1.70m to £1.84m for the half year to March 31, 1975, the chairman of Wolverhampton and Dudley Breweries, Mr. E. J. Thompson, says there are reasonable grounds for forecasting that full year profits will show some improvement from the £1.42m of 1973-74.

In spite of price increases reported on January 26, sales have continued to rise and business is very satisfactory, he tells members. However, the impact of higher duties imposed in the April Budget has yet to be felt.

The interim dividend is 13p (134p) net or 2p (same) gross. Last year's net profit was £1.035p per share.

Despite the cancellation of three shipbuilding contracts during 1974, these factors have had the effect of deferring completion of contracts into later periods and more adversely affected by inflation.

The lower level of activity also increases unit production cost because of the heavy overheads inseparable from the operation of the yard. It has therefore been necessary to increase the provision of £35m at December 31, 1973, by approximately a further £21m, in respect of possible additional losses, although every effort is being made to ensure that these further losses are kept to a minimum.

Uncertainties still exist regarding the rate of inflation and the

Hopkinsons Holdings Limited



of Valves and Boiler Mountings

ORDER POSITION REMAINS BUOYANT

Salient points from the Statement by Mr. I. G. Hopkinson (Chairman):

* The Group trading profit amounted to £1,510,162 (£1,367,509) whilst Group pre-tax profit was £1,382,922 (£1,500,570).

* Final dividend recommended 8.36875p per share, making 4.11875p for the year.

* Although the year under review was most frustrating order levels remained very high, but sales increased to a much higher level mainly due to the inclusion of the new Group Company—Bryan Donkin Co. Ltd.

* In other Group Companies sales did not reach planned targets due to shortages of materials and labour and foundries reorganisation at Hopkinsons and Blakeborough.

* As a consequence of lower than required sales in these two major subsidiaries coupled with increasing materials, services and labour costs, and restrictions on price increases in the home market, profit margins have been reduced.

* Action has been taken to improve output. As a result profit has increased in the second half year. In the future this action should ensure not only increased profitability but also better cash flow.

* Orders from the home market have remained buoyant despite the cut-back in capital projects by many sectors of industry. Overseas customers, particularly in European markets, have even further increased their demand for our products.

* The Group therefore enters 1975 with outstanding order books at a very high level and the prospect of manufacturing being fully utilised.

* In the present highly uncertain climate it is difficult to forecast the future but the current year should produce improved results. As to the longer term, my confidence stems from the fact that the Group Companies are basically supplying the expanding energy equipment of world industry.

Sir Val Duncan

Chairman and Chief Executive, at the Annual General Meeting, 21 May, 1975.

willingly if he were fully informed and properly consulted on the wide range of non-confidential matters that are of immense importance to his daily life.

Modern experience tends to show that many small companies find it much easier to create and perpetuate a team spirit of fellow feeling and pride in creating new wealth, than in larger units. All the more important, therefore, that in the latter case we should insist that managers all along the line put their full weight into maintaining this constant communication with all those who work with them in their wealth-creating activities.

One way to make local government more cost-effective would be to allow free enterprise to tender for some services at present being carried out by local government. Legislation proliferates to curb monopolies in free enterprise. Nothing has been done to restrain monopolies operated by central government or by local authorities which are frequently a greater danger to inflation as there is no competitive yardstick by which to judge their performance. It might be a tangible demonstration in support of Mr. Crosland's statement that the party is over.

I think there is a particular problem with regard to nationalised industries which requires consideration. Private industry can, of course, go bankrupt. There is a widespread feeling amongst those who work in nationalised industries that they cannot and that therefore they are exempt from the pressures towards efficiency which apply in the rest of the business world. Of course in a sense this is true, unless or until rampant inflation, or our dangerous balance of payments position, or both, force the Government to apply proper constraints to them. We must recognise that in the last few years nationalised industries have led and fed inflation. I cannot think that we will avoid the continual snarl of rising nationalised wages and prices without disciplines akin to those in the responsible private sector and this will necessitate more courage on the part of Government, who only too often have agreed to pay up too readily and too freely, thus negating the statutory obligations they claim to have imposed on these industries.

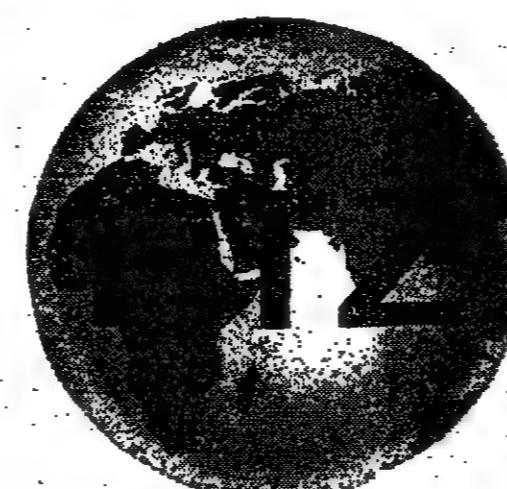
There is an obligation to ensure, in consultation with management, that their demands bear a sensible relationship to the wealth-creating capacity of the economy; that the new wages are really earned; that outworn restrictive practices, either by management or labour, are inexorably removed and generally that the effective in-out of work should match the far higher wages in real terms that they now enjoy. I believe that much of this is recognised by many trades union members, but it simply isn't getting through, possibly because of the small but powerful disruptive element who just don't want to make the system work. History shows that in any human institution if the moderate and constructive element do not handle firmly the extremists, the former lose control and their capacity to serve the nation, and their living too.

Concluding Remarks

I have tried in the last few minutes to make some suggestions on action which would help to revitalise our nation. I would like, however, to conclude by reminding you that it is the collective will of the citizens of this country which will determine these results, so let not the ordinary citizen think there is nothing he can do about all this. If the men and women of this country do not pay regard to their privileges by exercising their civil and industrial franchise, there is indeed little they can do; but surely it is our duty to exercise these rights and privileges and to accept that industrial democracy is at least as important as political democracy.

All through history there have been occasions when a vibrant company that ideas do not emanate from the top; indeed they should flow at all levels, be sifted and brought into some discipline for the benefit of the whole. This theme is not new, but until it is put into practice on a much greater scale we shall fall far short of what we could achieve.

I believe that the ordinary worker has as much understanding as the Director on the Board of the necessity on occasions for confidentiality of decisions in his own interest, but he would accept this much more



Sir Val Duncan's Speech, and the Annual Report for 1974, may be obtained from The Secretary, 6 St. James's Square, London SW1Y 4LD.

M & S plans to keep strong liquidity

IN HIS annual statement, the chairman of Marks and Spencer, Sir Marcus Seiff tells members that the Board has decided to spread the development programme at home over a longer period so that the company's liquid position should remain strong.

Nevertheless in the forthcoming year the company will add over 200,000 square feet of new selling space at home. A further 13 stores will be rebuilt and extended. Also 100,000 square feet will be opened abroad, making a total of 300,000 square feet of selling space overseas by March 1976.

In 1974-75 the building programme at home and abroad added 330,000 square feet to selling space. In Britain the sales area increased by 223,000 square feet to 3.71m. square feet included, four new and 13 extended stores.

As reported on April 11, taxable profits for the year to March 31, 1975 expanded from £76.52m. to £81.60m. The dividend is 4.74p (4.53p) net.

A summary of results adjusted for inflation shows turnover at 1.787.2m. (£736.48m.) on a CPP basis compared with £721.85m. (£571.65m.) historical and taxable profits on a CPP basis of £82.71m. (£82.4m.).

Sir Marcus states that the use of the index of retail prices to arrive at a figures for retail trade and ready-made clothing will start in Lyons.

Sir Marcus reveals that the company reduced its consumption of gas and electricity by over 15 per cent. during the year. This

he says. When operating results are measured against those for the preceding year, adjusted for inflation to bring them up to 1973 values, it is clear that the statutory reduction in margins has caused the company's profitability to decline, in real terms, by over 10 per cent., he declares.

A statement of sources and application of funds shows cash and short-term deposits of £20.13m. (£18.46m.) at the year-end.

M. Gleeson look to second half

FIRST HALF turnover of M. J. Gleeson (Contractors) increased from £15m. to £20m., while profit fell from £550,000 to £412,000, subject to tax of £225,000 (£300,000).

The directors are hopeful that figures for the current half year will show an improvement, leading to a "satisfactory overall result" for the year to June 30, 1975. Last year's pre-tax profit was £701,428.

The order book position remains satisfactory and should give the group a good chance of maintaining the current turnover levels during the year, commenting July 1, 1975.

But having regard to the uncertain economic outlook and the possibility of restrictions in public expenditure, a cautious view of the short-term prospects for the industry must be taken.

The interim dividend is stepped up from 5.107925p to 5.56434p net. Last year's total was 1.3990725p.

Statement Page 5

THE REDUCTION in first quarter pre-tax profit of Amalgamated Metal Corporation turns out to be from £2.49m. to £1.08m. The figure for the year 1974-75 is exceptionally favourable one in terms of trading opportunities and business activities generally - was £9.3m.

It is pointed out that the first three months' results include substantial investment income, previously received in the second quarter.

Earnings per £1 decreased from 24.5p to 11.1p, or from 25.5p to 7.1p after extraordinary items.

Turnover for the quarter was £185m. (£142m. £88.3m. for year).

Three miles 1973 1974
Profit before tax 1,080,000 2,490,000
Taxation 710,128 4,048
Minority loss 250 282
Extraordinary items 250 182
Net profit 400 1,400 1,288

The tax charge is comparatively high due to losses incurred by the Swiss trading subsidiary; appropriate action was taken to correct the situation. Despite the loss and excluding investment income, profit before tax was ahead of 1973, a more meaningful comparison than 1974.

The extraordinary item of £220,000 relates entirely to exchange differences arising on assets held by subsidiaries abroad. Subsequently this loss has been recovered due to the fall in the value of sterling.

Negotiations regarding the disposal of part of the group's investment in Aluminium Bahrain have been discontinued, but there is a possibility that they will be

Amal Metal—Cons Tin downturn

resumed at a future date, it is to March 31, 1975 reported yesterday.

Consolidated Tin Smelters reports first quarter turnover down from £157m. to £149m. and a decrease in pre-tax profit from £3.19m. to £1.86m., including investment income of £700,000 (£239,000). Profit for the year 1974-75 was £12.1m.

It is pointed out that the first three months' results include substantial investment income, previously received in the second quarter.

Earnings per £1 decreased from 23.2p (3.8p) before loss on realisation of investments and at 2.71p (3.8p) before extra-ordinary items they were 6.4p (18.5p).

Tax takes £1,000,000 (£1,494,000). After an extraordinary item of £160,000 (£71,000), the net profit comes out at £270,000 (£736,000).

The extraordinary item relates to exchange losses on assets held abroad, and this has since been recovered due to the fall in the value of sterling.

It is also announced that terms have been agreed for an offer to be made to the preference holders of Consolidated Tin under the scheme of arrangement for the merger of Amalgamated and Consolidated announced last month.

The Finance (No. 2) Bill will come into effect on October 1, 1974 but the interest cost is expected to reduce during the remaining part of the current year. A charge for depreciation of that property has been included to conform with Canadian accounting requirements.

The Board therefore propose to defer the holding of the AGM for 1975 and the announcement of the final dividend on the "A" Ordinary shares until the position of the Finance Bill has been clarified.

A further announcement will be made as soon as possible.

THE CHAIRMAN'S STATEMENT

BRITISH HOME STORES A REMARKABLY GOOD PERFORMANCE'

THE CHAIRMAN'S STATEMENT

M The group operating profit before tax for the year ended 29th March 1975 was £18,596,000 compared with £15,164,000 for the year ended 30th March 1974, an increase of 21.3%. The post-tax profit of £8,796,000 before exceptional items against £7,272,000 for the previous year showed an increase of 19.1%.

M On 16th October 1974, your directors declared an interim ordinary dividend payable on 1st January 1975 of 3.4286p per share against an interim dividend of 2.7625p the previous year. In doing so, they included in the interim payment all the increase permitted for the whole year under the counter-inflationary legislation. They now recommend a final ordinary dividend of 3.5265p per share, the maximum permitted. This is a slight reduction compared with the 3.6347p paid last year, because of changes in taxation in the recent Budget. The total ordinary dividend for the year thus 6.5851p per share (1973/74—6.3972p) and absorbs £3,156,000. After payment of the preference dividends and adjustments for exceptional items, the retained profit is £5,718,000.

M Sales at £161,798,000 for the year showed an increase of 33.7%, and although we have continued our determined efforts to contain prices wherever possible, a large part of the increase must be attributed to accelerating inflation. In my statement last year I referred to the difficulty in measuring the effect of inflation on our business because no published price index compares strictly with our sales mix. I suggested that perhaps the nearest guide would be the general index of retail prices covering all items, as published in the Department of Employment Gazette, and that since our peak trading period is pre-Christmas, comparison of December figures from one year to the next would be appropriate. The index shows that in the year from December 1973 to December 1974 the rate of price inflation almost doubled to show an unprecedented increase of 19.1%. But even taking this into account, our real volume growth for the year under review must have been about 14 to 15%. About a third of this real growth came from new stores and extensions, the remainder from increased sales in existing space. I think you will agree in view of all the difficult trading conditions experienced throughout the year, this represents a remarkably good performance.

M Applying the same reasoning to our pre-tax profit would bring the increase down to virtually nothing. As the index does not cover all our operating costs, this particular exercise can give only a very rough guide to progress but it does suggest that as a business we have had to advance strongly to stand still!

M The whole question of the presentation of annual accounts in inflationary economic conditions is under review and perhaps some standard form will emerge as a statutory requirement in due course but what remains the vital issue is that the rate of inflation itself be curbed.

M You will see from a note to our accounts that at the year end, although we were below our net profit reference level, we had exceeded the gross profit reference level under the counter-inflationary legislation by approximately 0.8% of the sales for the year—about £1,300,000. As I am sure shareholders will appreciate, both gross and net profit levels depend very largely on the volume of sales, and now, in forecasting sales and fixing our price levels for the months ahead, we have to take into account the extent by which we have in the previous periods fallen short of or exceeded the reference levels permitted under the legislation. To the extent that our sales exceed expectations we must inevitably exceed our reference levels, and to the extent that they fall short of estimates the reverse must take place. This practice of forward estimating of sales is one which must in fact be pursued by all retailers, since it would be totally imprudent to base prices on anything else. Our estimates of turnover for 1975/76 and of our gross margins make allowances for the need to bring back into equilibrium the amount by which the reference level was exceeded at the end of March last, and we are confident not only that this amount can be absorbed but that with the increasing number of stores and selling space available as compared with the year just past there should be a continued growth in the net profitability of our operations.

M I would like to refer to the remarks I have made about our true growth, taking into account the 19.1% increase in the retail price index which took place in 1974. During this same period, retail sales for the country as a whole showed an increase of about 20% over 1973. These figures would suggest that for the country as a whole, consumer purchasing barely maintained the 1973 level. If one turns to net profits, I think it must be clear that if with our sales increase of 33.7%—nearly 14% above the national level—our net profit increase was 20%, then in real terms there must have been a considerable decline in net profitability for the retail trade as a whole during 1974. I do not say this in any way from the point of view of blowing our own trumpet, but because I cannot help feeling, as I pointed out last year, that the effect of the fall in profit margins in real terms must fall most heavily upon the smaller shopkeeper. If the present restrictions on trading continue for some time we shall inevitably be faced with a further reduction in consumer choice and a further change—for the worse—in the whole nature and character of the smaller communities which are so much a part of our national heritage.

M Retailers have had to contend with particularly difficult trading conditions over the past year and there seems no immediate prospect of any improvement. On the one hand, operating costs over which they have little or no control have risen month by month, while on the other, the controlled gross margins they are allowed to earn were cut by 10% early in the year. The inevitable result has been to put net margins under great pressure and certainly there no longer remains any problem in keeping them below the level prescribed by counter-inflationary legislation.

M In all the circumstances, it is not surprising that retailers should seek abolition or at least some relaxation in controls. The long term effect of low profits, leading to lack of both funds and incentive for development, must be seriously detrimental to the industry. The gross margin concession

52 weeks to 29th March 1975 52 weeks to 30th March 1974 Increase
£'000 £'000 %

Sales	161,798	121,021	33.7
Trading Profit	21,049	17,847	17.9
Operating profit before taxation	18,596	15,464	20.3
Dividends per ordinary share:			
Interim	3.4286p	2.7625p	
Final	3.5265p	3.6347p	
Total	6.9551p	6.3972p	

relating to expenditure on plant and the tax relief on increased stock investment do nothing like enough to remedy the situation when the cash requirement coming out of post tax profits, just to maintain static net working capital, increases at the rate of 20% a year.

M It is difficult to gauge the effectiveness of counter-inflationary legislation, since we cannot tell what would have happened without it.

M Abolition of controls, with all their attendant administrative problems, would be welcome but would not automatically provide a retailing paradise. The economic conditions and outlook are such that competition among retailers could become even keener and this very competition could be as effective as any controls in restricting price increases.

M Just as we have experienced difficulties as retailers, so have our suppliers of goods and services had to contend with their own similar and continuing problems. We have always valued the close relationships which we have established with our suppliers but never more so than in present circumstances. The results now presented could not have been achieved without their wholehearted support and I thank them for all their efforts.

M There seems to be a popular misconception that British Home Stores buys most of its goods from overseas. This is, of course, entirely untrue. Well over three-quarters of the goods which we sell in our stores come from British manufacturers and while we are always trying to increase this proportion, it must be appreciated that over the years we have built up overseas connections which provide for our customers goods of outstanding quality and value which they want.

M There has recently been talk of import control or quotas. We have had them before and they did not affect our own business in any way, but the public must be warned that any moves to restrict imports would inevitably put up the price of goods to customers everywhere—something which all of us would deplore. We must all be competitive, striving to provide goods giving better value for money. Those goods should be available to us wherever they come from, if only to stimulate home suppliers to greater efforts.

M While on the subject of restrictions on the free movement of goods and services I cannot forbear saying one word about the damage which I am sure would follow from a decision by this country to leave the European Economic Community. No country such as ours with a large population, and deficient as we are for the most part in raw materials, can survive alone today. If the decision is taken to leave the Community, it will inevitably impose great stress on our financial reserves, lead to a rapid worsening of our standard of living and generally lower the quality of those things which money can buy and indeed the quality of life itself.

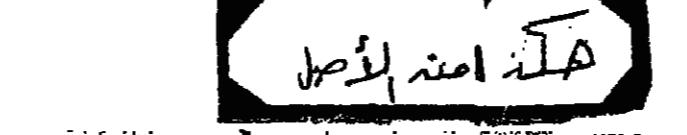
M Our progress is based on sound buying but all operational and service departments in the business have made their contributions. Our carefully planned sales promotions have obviously been particularly attractive to our customers.

M Our substantial volume growth in sales has been spread over all sections but perhaps the outstanding performance has come from our food departments, where our concentration on highest quality fresh foodstuffs at competitive prices, but still with personal service, earns us growing customer appreciation.



SIR MARK TURNER, CHAIRMAN

BRITISH HOME STORES



Amal Metal—Cons Tin downturn

resumed at a future date, it is to March 31, 1975 reported yesterday.

Consolidated Tin Smelters reports first quarter turnover down from £157m. to £149m. and a decrease in pre-tax profit from £3.19m. to £1.86m., including investment income of £700,000 (£239,000). Profit for the year 1974-75 was £12.1m.

It is pointed out that the first three months' results include substantial investment income, previously received in the second quarter.

Earnings per £1 decreased from 23.2p (3.8p) before loss on realisation of investments and at 2.71p (3.8p) before extra-ordinary items they were 6.4p (18.5p).

Tax takes £1,000,000 (£1,494,000). After an extraordinary item of £160,000 (£71,000), the net profit comes out at £270,000 (£736,000).

The extraordinary item relates to exchange losses on assets held abroad, and this has since been recovered due to the fall in the value of sterling.

It is also announced that terms have been agreed for an offer to be made to the preference holders of Consolidated Tin under the scheme of arrangement for the merger of Amalgamated and Consolidated announced last month.

The Finance (No. 2) Bill will come into effect on October 1, 1974 but the interest cost is expected to reduce during the remaining part of the current year. A charge for depreciation of that property has been included to conform with Canadian accounting requirements.

The Board therefore propose to defer the holding of the AGM for 1975 and the announcement of the final dividend on the "A" Ordinary shares until the position of the Finance Bill has been clarified.

A further announcement will be made as soon as possible.

Increase at Hambros Investment

GROSS REVENUE for the year to March 31, 1975 of Hambros Investment Trust increased from £1.1m. to £1.9m. (£340,000).

Earnings per £1 share are shown at 3.23p (3.8p) before loss on realisation of investments and at 2.71p (3.8p) before extra-ordinary items.

An interim dividend payable in September will be declared on July 18. Last year's total was £1.25m. from profits of £55.2m.

The directors say that the present U.K. economic outlook is such that last year's record profits are unlikely to be achieved.

The growing international con-

Stenhouse turns in £2m.

FOR THE six months to March 31, ahead by 11% per cent. The

crunch comes in the figure for a profit before tax of £2.03m. for holding company finance an

against £2.26m. for previous other costs" which has risen by

Mining News

Botswana-De Beers battle heats up

By LESLIE PARKER, MINING EDITOR

THE LONG SAGA of the negotiations between De Beers and the Botswana Government, now in progress since last October, over 20p to 110p premium,

the latter's demands for a greater share of the profits from the successful Orapa diamond operation, has now apparently reached a dead end, says Michael Roche, reporter from Johannesburg with the atmosphere described by one of the parties as "acrimonious."

The Government is currently receiving about 32 per cent of profits based on a 16 per cent equity stake in a complex series of joint ventures. The total receipts to date amount to a minimum of 10 per cent and a maximum 22 per cent along the lines recently agreed between De Beers and the Lesotho Government for the development of the Letšeng deposit in that country.

In October, De Beers feels that it has taken all the risks and is thus entitled to see the kind of reasonable return which was originally negotiated. Last October the Government was also claiming the right further to adjust the terms of the agreement if and when circumstances change so that justice will accrue to the state.

It is thus no wonder that De Beers is holding out for what Mr Oppenheimer recently described as an "acceptable share of profits and at the same time maintain the existing structure of the diamond industry."

The complicating factor is that De Beers is simultaneously negotiating the terms on which the smaller DKI pipe can be brought into production. Another influence is the failure of the struggling Selbi-Pikwe copper-nickel mine to come up to scratch. This has led to a shortfall in the Government's revenue projections, one that is likely to continue for quite a while yet.

The basic issue of the Orapa problem being resolved, Roche says, is a compromise whereby the Government settles for a 35 per cent shareholding possibly leading to a total tax and revenue package worth about 65 per cent of profits. This should be satisfactory bearing in mind Arapa's rising production and better diamond recovery. Yesterday De Beers rose 5p to 310p.

DEY KRAAL
Holders of Gold Fields of South Africa are reminded that the offer

UM rings the Thierry bell

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COMINCO SEEKS URANIUM
Canadian mining house Cominco, a Canadian Pacific subsidiary, has an option to acquire a 55 per cent participating interest in a uranium prospect near Baker Lake in the Northwest Territories in return for a \$5m. expenditure on exploration. Shares of the latter, eased 4p to 206p yesterday in front of the results which are now expected to-day.

MINING BRIEFS

LONDON Tin—Columbian output for amalgamated Tin Mines of Nigeria for April (four weeks) 15 tonnes (March four weeks: 18 tonnes).

BIDS AND DEALS

Paterson Zochonis gets Cussons

Paterson Zochonis, the Manchester-based soap and detergent manufacturer, which has control of Cussons Group, the Imperial Leather soap concern, in a deal worth more than £1m.

Mr Simon Zochonis, the chairman, whose family with the directors have over 50 per cent of the voting shares sold last night "PZ" have paid a good price for a good business. There is obviously a sense of sadness, but I am sure that the company has a great future ahead of it."

Terms of the offer, which was revised upwards earlier this month, are for holders of Cussons Ordinary shares to exchange (values at 415p) plus 80p in cash which works out at 72.5p per Cussons Ordinary share; an increase of 50p over the Cussons price immediately before the bid was announced in February. This represents an increase of 18.7 per cent.

For holders of Cussons "A" Ordinary, the terms are one PZ Ordinary share plus 74.5p cash which works out at 72.5p per Cussons "A" Ordinary share, an increase of 44.5p over the price of 28p cash per "A" Ordinary.

Accredited holders are also offered the option of receiving 36p cash per "Z" share plus 80p and 74.5p respectively for their Ordinary and "A" Ordinary. This works out at 72.5p per Cussons Ordinary share and 69.5p per Cussons "A" Ordinary. Shareholders who have already accepted the original 27p offer will automatically be entitled to the improved terms unless, if they wish, accept the cash offer. The offers remain open until June 8.

of shares in Debeers. Gold closed on May 20 at 110p premium.

Belgium's Union Miniere, which is on the receiving end of a big cash flow in compensation money from the previously-owned copper mines in Zaïre is emerging cautiously as a new force in the world mining exploration scene. And UM looks to have rung the bell resoundingly in one of its early ventures at the Thierry copper deposit in Ontario.

In Brussels yesterday the UN chairman, Mr Paul-Emile Corbiau, said: "We are very pleased with the Canadian copper find, which is scheduled to reach production in the second half of next year, amount to a proven 12.5m. tons of grading an average 1.73 per cent copper."

This is a relatively modest tonnage and grade, although it is evident that supply is one constraint for at least 10 years. But drilling has not reached the bottom of the deposit and Mr Corbiau disclosed that the engineers are now studying a neighbouring geological structure where there is the possibility of much greater tonnages which could significantly extend the life of Thierry.

Though still unlikely to come into the major copper minnow class, Thierry stands to become a major spinner in the anticipated boom in copper prices which, many leading observers believe, could get under way next year. A 1.6 per cent stake in the strongly-financed UM has been held by Tanganyika Concessions. Shares of the latter, eased 4p to 206p yesterday in front of the results which are now expected to-day.

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MINING BRIEFS

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SIEMENS

Join in life

Information for Siemens Shareholders

Order Increase by 3%

During the first six months of the current financial year (1st October 1974 to 31st March 1975) orders received showed a slight down in comparison with last year's, increasing by 3% to £1,894 million. Operations in Germany recorded somewhat higher growth rates than our international business. The weak economic situation prevailing in nearly all industrialized countries affected the flow of new orders. A decline in demand, especially for mass-produced goods could have an adverse influence on the current year's sales growth. Sales rose to £1,527 million during the first half of the financial year, equalling last year's 9% growth rate. Despite an increase in order backlog from £2,787 million to £3,083 million, several areas have low order reserves. Business trends in the various Groups and Divisions displayed increased differentials. While the Data System, Medical Engineering and Telecommunications Groups were able to further increase their new order levels, the Components Group was restrained by a worldwide slackening of demand. In the same vein, the Electrical Installations Group continues

to be affected by the recession in the building industry. The Power Engineering Group was able to equal but not pass its performance of a year ago, when several major orders were received.

Despite the difficult economic situation, we continued to pursue a capital investment programme geared mainly to rationalization requirements. Capital expenditures and investments thus increased by 15% during the first half year. For the total financial year, however, we anticipate a smaller growth.

Net income reached 2.7% of sales during the period under review, as compared with 2.9% for the same period of 1973/74. This decline is due largely to cost increases of about the same magnitude as last year, in conjunction with unsatisfactory capacity utilization in some sectors. For the total 1974/75 financial year we anticipate new orders on a par with last year's levels and a slight reduction in sales growth.

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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Preussag returns to the dividend list

BY GUY HAWTIN

PREUSSAG. The Hanover-based metals and chemicals group, is to pay its first dividend since 1970. If management recommendations are accepted, shareholders will receive 1 per cent, or DM7 per DM100 nominal share, for 1974.

While 7 per cent is no king's ransom, it comes as a welcome relief to shareholders who, despite soaring turnover, have endured three years of losses. Distributed profits of DM22.05m. match the 1970 figure, when the concern paid 7 per cent.

But although last year was a generally successful one with net profits of DM63.05m. on a total group turnover of DM3.13bn, and group external sales of DM2.65bn., the 1975 outlook is rather more bleak. In line with other leading German companies Preussag has experienced a substantial down-turn in overall demand which is expected adversely to affect earnings.

In the first quarter of the current year external sales stood at DM562.8m.—off 8.1 per cent, compared with the same period of last year. The construction sector was badly hit and there were also losses in the coal mining area.

Falling demand for aluminium has resulted in further cutbacks and losses for the concern's operations in this area. According to Preussag's chief executive, Dr. Günther Sassemannshausen, first quarter turnover of Preussag's Kägel group (Kaiser-Preussag Aluminium) at DM118.2m. fell some 18 per cent, below the figure for the first three months of 1974.

Lead and zinc operations were depressed by the "unchanged recessive economic situation" and

Setback for Orenstein

BY JONATHAN CARR

ORENSTEIN UND KOPPEL. The Dortmund-based engineering and shipbuilding concern, reports net profit down to DM6.5m. in 1974, against DM10.1m. in the previous year, and is proposing dropping its dividend from 14 to 10 per cent. A total of DM6.8m. is being added to reserves, against DM2.4m. in 1973.

The result is very much as expected, for a recent shareholders' letter had drawn attention to a disproportionate rise in personnel costs last year coupled with sharp increases in raw material prices. The company had not been able to pass on these rises, drawing particular attention to the need to hold prices firm in the increasingly important export sector. Sales of the parent company rose

FRANKFURT, May 22.

Maserati to close down

BY Tony Robinson

MASERATI. One of the greatest names in Italian luxury cars has decided to go into voluntary liquidation following losses which exceeded its entire share capital last year and what it termed the entirely negative future for this kind of vehicle. The French automobile company Citroën bought control of Maserati for a reported £1.5m. in 1969—a move dictated by the decision to place a high powered Maserati engine in the luxury Citroën SM model.

Closure of Maserati's Modena factory means unemployment for 900 skilled workers in an area already hard hit by the recession which is bearing hardest on the small and medium companies which predominate in this area. Capacity at the Modena plant was ten cars and some 120 engines monthly. But sluggish sales of both Maserati and Citroën SM models have led to short time working for months, although stocks of unsold vehicles have continued to rise. Similar difficulties are reported by Lamborghini, Ferrari, in which Fiat has a 50 per cent. stake, and Fiat's own luxury saloon the Fiat 130.

Lower down the market range, however, Fiat reports a slight pick up from earlier depressed levels but top Fiat executive Nicola Toffarelli stated in a recent Press interview that Fiat is producing 6,100 cars a day and selling only 5,000, adding that Fiat expects to half production of most models for another 20 days before the end of this year to keep stocks down.

Whatever the outcome, performance is unlikely to equal that of the previous year when

BONN, May 22.

by 4 per cent, last year, for a total of DM68.1m. Export growth was wholly responsible for this result, and the company's export ratio now totals 48 per cent, of total sales against 45 per cent. in 1973.

The company expects this year's results to be similar to those of last year, with another 4 per cent. rise in turnover to around DM700m. Orders in hand at the end of April stand at DM80m. Orenstein und Koepel rejects rumours that Arab interests have bought into the company—rumours which arose when the steel concern Hoess reduced its holding in the company earlier this year from 57.1 per cent. to 50 per cent. It is not clear in whose hands the share package now lies.

All in all Herr von Kuenbheim expects BMW to make some 20,000 cars this year against its record to date of 197,300 in 1973 and 189,000 last year. The company's motor cycle factory in West Berlin will continue to operate at full stretch, producing some 25,000 units this year.

BMW's performance has been

BY NICHOLAS COLCHESTER

THE SALES of Bayerische Motoren Werke, have been excellent in the first third of 1975 with the overall flow of orders up by 55 per cent. in terms of the equivalent figure for 1974 and up by 38 per cent. on the less crisis-ridden third of 1973.

Revealing this at a Press conference in Munich, the company's chairman, Herr Eberhard von Kuenbheim, added that the cost problem had not been fully overcome and that earnings for the year would be between 1974's DM42m. and the DM63.5m. reported for 1973.

BMW's performance has been due to a very happy business both at home and abroad. In West Germany, where the whole car market has picked up notably, BMW has done particularly well, increasing its market share from 4.8 per cent. in the first four months of 1974 to 8 per cent. in 1975. Inland orders for this period were up by no less than 88 per cent. of those in 1974, while registrations rose 31 per cent. against the 21 per cent. increase registered by the car industry as a whole.

Around where BMW tries to sell roughly one-half of its cars, the unit order figure was up by 33 per cent. The chairman said that the British market had collapsed in 1974 and remained "extraordinarily difficult" in 1975. Last year BMW sold between 7,000 and 8,000 cars there. DM49m. to DM64m. of which

In America where BMW sold between 16,000 and 16,000 cars last year, the company has just taken control of its marketing system and the chairman said it was too early to gauge the results of this move.

The company has obviously been taken by surprise at the strength of the sales so far this year and has upgraded its investment plans as a result. Where in February the chairman was talking of investment this

year of DM150m., he is now thinking of between DM180m. and DM200m. The company is also hiring workers at the moment.

All in all Herr von Kuenbheim expects BMW to make some 20,000 cars this year against its record to date of 197,300 in 1973 and 189,000 last year. The company's motor cycle factory in West Berlin will continue to operate at full stretch, producing some 25,000 units this year.

Sales of the Schering group including overseas subsidiaries rose last year by 13.2 per cent. to DM1.7bn. while those of the parent company alone rose 15.2 per cent. to DM1.06bn. This represents substantial growth in real terms since last year's price increases averaged 8.6 per cent.

After a fall-back of four per cent. in net profit in 1973, last year saw an increase here from 5,000 plus 12 per cent. of the outstanding amount.

The balance of up to 50 per cent. of deposits would be payable at a later date to the extent that the bank is able to realise certain illiquid assets including the real estate south of Rome.

BY JONATHAN CARR

SCHERING. THE West Berlin pharmaceuticals and chemicals concern, reports sales to the annual meeting next month along with a capital increase of DM20m. to DM218m.

Group sales for the first four months of 1975 are up by only 1.2 per cent. while those of the parent company rose by four per cent.—based on a fall-back in home sales of 0.8 per cent. and a growth in exports of 6.8 per cent.

Beyond its normal investment plans for this year, Schering is also giving active consideration to the possibility of securing a production base for its chemical products in the United States, on a basis which would favour small depositors.

Credit accounts of up to Frs. 5,000 held by the bank would,

according to this scheme, be repaid in full after 154 days 60 per cent. of the outstanding creditors.

Accounts of larger amounts would be paid an initial Frs. 5,000 plus 12 per cent. of the outstanding amount.

The balance of up to 50 per cent. of deposits would be payable at a later date to the extent that the bank is able to realise certain illiquid assets including the real estate south of Rome.

BY DAVID EGIL

GENEVA, May 22.

THE FIRST QUARTER results of Tiger International show that the group is improving its position after the severe decline in profits last year which blames primarily oil price increases.

Revenue was up 23 per cent. in the same quarter last year to \$98.65m., while net income was 5 per cent. higher at \$2.85m., yielding fully diluted earnings per share of 21 cents against 20.

Flying Tiger Line, the group's air cargo subsidiary—claimed to be the largest in the world—contributed 5 per cent. of revenue but was still losing money. Its loss in 1974 was \$1.8m. against \$1.8m. for the first quarter of 1973. The improvement reflects increases in tariffs which have offset higher fuel costs and an overall decline in revenue ton miles.

The second major arm of the company, the international leasing business, earned a net \$4.3m. in the quarter, almost identical to last year's performance.

Last year the group's net profit was \$16m. against \$84.5m. the previous year. The percentage of revenue devoted to purchase of aircraft fuel doubled in 1974 to more than 13 per cent.

Speaking in Brussels yesterday, the company's president, Mr. Wayne Hoffmann, indicated that the group saw the European leasing business as one of the most important growth sectors in the company. Starting from scratch in 1971, the group now has in this sector some \$55m. in assets in Europe. The most important area had been computers, and more than half of the company's worldwide computer leasing revenue was expected to come from Europe this year.

A total European expansion of some \$10-15m. a year in leasing assets is forecast.

BY DAVID WHITE

TORTUOUS NEGOTIATIONS over the future of Brazil's airlines have taken a new turn with the two major companies apparently in open competition for the takeover of the number three, Cruzeiro do Sul.

Varia, Brazil's main international carrier, is reported to be bidding for Cruzeiro, which for several months has been discussing a merger with the São Paulo-based operator VASP.

A fourth operator, Transbrasil, which like Vasp has been in serious financial straits since last year, has opted out of merger discussions with either Varia or

BY MARY CAMPBELL

THE U.S. company Gould is to borrow \$20m. on the Eurobond market. The issue, for which Kidder Peabody International and Goldman Sachs International are joint lead managers, reaches final maturity in 1982 and has an average life of 6.98 years. Indicated coupon is 9.2 per cent. Gould is rated single-A by Moody's and triple-B by Standard & Poor's.

The vehicle for the issue will be Gould's Delaware subsidiary, Gould International. The ratio of long-term debt to equity of the subsidiary is 1.17-to-1 and the ratio of total debt to equity is less than two-to-one.

The equity capital of Gould International has been raised from \$1m. to \$38m. as a result of the transfer of ownership to the Delaware company of some of Gould's non-U.S. interests.

The significance of the debt to equity ratio derives from revised

"Tunnels Motorway" in Northern Italy. Interest rate will be 9.1 per cent. One of the loans is for 12 years and the other for 15 non-U.S. residents by the se-

Maserati to close down

BY DAVID CURRY

ROME, May 22.

MASERATI, one of the great names in Italian luxury cars, has decided to go into voluntary liquidation following losses which exceeded its entire share capital last year and what it termed the entirely negative future for this kind of vehicle.

In the metal sector, a marked upward surge in demand for lead, zinc and aluminium was noted during the first half with a strong speculative interest in lead and zinc. However, in the second half demand and prices fell as the industrial downturn gradually took effect.

Developments, however, in the oil and chemicals sectors had been good, while performance could have been worse in the heavy and precious metals sectors and transport. All things considered, stated the executive board, the first quarter's developments were "positive."

Maserati's share dropped on the Frankfurt Stock Exchange to-day to DM1.60.

Whatever the outcome, performance is unlikely to equal that of the previous year when

Higher costs limit Creditbank

BY DAVID CURRY

BRUSSELS, May 22.

IN A year marked by severe restraint in credit growth in the banks—mainly the foreign company and individual liquidity, the exchange balances of banking correspondents—represented the 12m. or 22 per cent. higher at B.Frs. 50.4bn., or B.Frs. 66.6bn., representing credit granted to companies and individuals.

The company notes that the individuals and financed by the bank itself, the steepest increase being 90 per cent. of this increase was absorbed by higher overheads, notably a 26 per cent. increase in wage costs.

After deducting depreciation of B.Frs. 6.6bn., the final surplus in the profit and loss account is shown at B.Frs. 93.5m. an 11.5 per cent. advance on the previous year. The Board is proposing to pay a net B.Frs. 24.5 dividend per share, up from B.Frs. 22.5, and is also recommending appropriations of profit which will increase stockholders' funds to B.Frs. 4.4bn.

The bank, which is one of the leading Flemish standard-bearers in the financial field, had a balance-sheet total of the end of the financial year which closed on March 31 of B.Frs. 207.4m. to DM504m. to DM527m. Business 1973 to DM281m. in 1974. It was volume rose from the previous year's DM 572m. to DM610m. While the family-owned credit

revenue, its profit figures, the banks, Bankhaus Metzler, which

Metzler Seel, Söhne and Co., declined somewhat to DM138m.

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MONEY MARKET

Large assistance

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a very large amount of assistance by buying Treasury and local authority bills from the market's favour. The authorities held maturing bank and local authority bills, and there was a fall to 10½ per cent. against the previous 9½ per cent., the three-month per cent., and the three-month per cent. against the previous 9½ per cent. The underlying shortage. Discount houses bid 9½ per cent. commonly for secured call loans in the earlier part, and 7½ per cent. in the later stages. In nominal in some cases.

May 22 1975	Sterling Certificates of deposits	Inter-bank	Average deposit ^a	Local Author- ity negotiable bills	Finance house deposit	Company deposits	Discount market deposit ^b	Treasury bills ^c	Bank bills ^d	Fund bills ^e
Overnight	—	7.94	—	—	—	10.104	7.92	—	—	—
2-day notice	—	—	9.1-9.2	—	—	—	—	—	—	—
7-day notice	—	9.1-9.2	9.1-9.2	10.104	10.1-11	—	8.4-9.2	9.2-9.3	9.2-9.3	10.5-11.2
One month	9.2-9.4	9.1-9.2	10.1-9.4	10.1-11	—	—	9.3-9.4	9.3-9.4	9.3-10	10.5-11.2
Two months	9.2-9.4	9.1-9.2	10.1-9.4	10.1-11	—	—	9.3-9.4	9.3-9.4	9.3-10	10.5-11.2
Three months	10.1-9.2	10.1-9.2	10.1-9.4	10.1-11	—	—	9.3-9.4	9.3-9.4	9.3-10	10.5-11.2
Six months	10.1-9.2	10.1-9.2	10.1-9.4	10.1-11	—	—	9.3-9.4	9.3-9.4	9.3-10	10.5-11.2
Nine months	11.4-10.7	11.4-10.7	11.4-10.7	11.4-10.7	—	—	—	—	—	—
One year	11.8-11.9	11.8-11.9	11.8-11.9	11.8-11.9	—	—	—	—	—	—
Two years	12.0-12.2	12.0-12.2	12.0-12.2	12.0-12.2	—	—	—	—	—	—

Local authority and finance houses seven days' notice: others seven days' fixed. "Long-term local authority mortgage rate normally three years 13½ per cent.; four years 13½ per cent.; five years 14½ per cent." Bank bill rate in table is buying rate for prime paper. Buying rate for four-month bank bills 10½ per cent.; and four-month trade bills 11½ per cent. Approximate selling rate for one-month Treasury bills 9½ per cent.; two-month 9½ per cent.; three-month 9½ per cent.; and three-month 9½ per cent. Approximate selling rate for one-month trade bills 10½ per cent.; two-month 10½ per cent.; and three-month 10½ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Base Rates for lending 9½ per cent.

Deposit Rates for small sums at seven days' notice: 4½ per cent. Clearing Bank Base Rates for lending 9½ per cent.

Treasury Bills: Average tender rate of discount 9.674 per cent.

Giant ferry shows her pace in gale

By Our Felixstowe Correspondent

A SHIP claimed to be the biggest car ferry ever built arrived only three hours late at Felixstowe yesterday after a gale had forced her to steam at less than half her normal speed during part of her voyage from Gothenburg.

The ship—Tor Line's £13m. Tor Britannia (15,580 gross tons)—was built to fast as well as comfortable for the 1,200 passengers she can carry. She achieved a maximum speed of 27.3 knots on trials.

Tor Britannia berthed at Felixstowe in time for a reception to open the line's £250,000 passenger terminal in the new north eastern extension of the port.

She was built by Flender Werft, Lubeck, and is now operating the regular Felixstowe—Gothenburg passenger service, carrying a mixture of cars and other wheeled cargo.

POWER STATION SECURITY MOVE

Staff from 10 Midland power stations are to be given security courses to combat saboteurs. More than 1,000 contractors who work on power station sites are also being told to ensure that their employees have official identity cards.

NEW "HIGHS" AND "LOWS" FOR 1975

Wednesday, May 21, 1975

dev. for week

1975

for week

FINANCIAL TIMES SURVEY

Friday May 23 1975

J.P. H. in L.L.D.

YUGOSLAVIA

Despite internal troubles and pressure from outside, Yugoslavia has consolidated its unique self-management system and preserved its independence—from East as much as West. But with firm measures now needed to put the economy straight, the country faces austere times.

Driving along a zigzag course

AN EXPERIENCED observer of the Balkans recently described Yugoslavia as "a car driving along a narrow road with deep ditches on either side. Like all cars, it doesn't steer a dead straight course. But whenever it veers one way or the other, the driver tends to overcorrect, and the car spends a lot of time on a zigzag course, just missing both ditches."

If we take one ditch as being the Soviet bloc and the other the western bloc, the rest of the story falls into place quite easily.

After a couple of years of hectic zigzagging, Yugoslavia is back in the middle of the road again, the last zig having been distinctly in the Soviet direction. The political upheavals—the country went through in 1972-73 are now over. But the stern remedies employed by the League of Communists earned Yugoslavia a Moscow-type reputation in much of the West. Some were reinforced when President Tito went to the Soviet Union and was warmly received by the Russians who paid a secret visit to Belgrade. The overnight rights granted to Soviet supply aircraft during the last night East war were also taken as evidence of Yugoslavia's alignment with Soviet foreign policy.

Solidarity

A more topical matter, though, is providing the best evidence that the Yugoslavs still refuse to be dictated to by the Russians. This is the proposed Conference of European Communist parties, being organised on Soviet initiative as a massive show of socialist solidarity.

Yugoslavia has rejected any attempt by Moscow or its allies to use the conference as a means of imposing a common programme on all participants. Moscow has denied that this is its aim, but statements by other East Europeans, notably the trial output rose by double figures each year, real wages around Belgrade's suspicions, caught up with the lag caused

Most recently the trial and conviction to seven years' jail of the writer Mihail Mihailov for "hostile propaganda" they had dropped out altogether.

But later Mr. Aleksander Glikov, a top Communist official, went to Moscow on what was seen as a mission to patch up differences and reach some kind of compromise. The Yugoslavs will only participate, they have stated, if individual Communist parties are to be permitted to travel their own roads, and it now remains to be seen whether Moscow is able to yield on this point. For its part, Belgrade is unlikely to make any concessions, preferring to boycott the conference altogether.

There is a difference, of course, between the line Yugoslavia takes in foreign affairs and the way it handles its internal problems. Non-alignment internationally need not mean tolerance at home, any more than a tough stand against internal dissent implies a shift towards Moscow. But the Mihailov trial was a puzzling episode, and as senior Yugoslav party officials have apparently admitted, the sentence was unnecessarily harsh.

However, things at home are not easy just now. Having tied up the political scene, Belgrade is faced with steadily worsening economic trends which could cause social tensions. Why, it may well be asked, should Yugoslavia's problems be any worse now when its economy has been showing signs of strain for nearly two years?

As the next article analysing the economy shows, the main reason why living standards have improved in spite of everything is that the Government adopted in 1972 a policy of growth at any cost. Remarkable though this is, statements by other results were achieved. Industrial production, notably the trial output, rose by double figures each year, real wages

BASIC STATISTICS

AREA:	98,766 sq. miles	FOREIGN TRADE (1974)
POPULATION:	21.3m.	Imports: 128.2bn. Dinars
CURRENCY: £1=38.67	Dinars	Exports: 64.7bn. Dinars
		Imports from U.K.: £83m.
		Exports to U.K.: £38.67m.

by the cuts imposed in 1972-73, be put on public service spending and job creation exceeded the limit. Extra tax is also being levied on many consumer goods. In other words, the rushed consumer who has been oblivious of his country's economic woes, is suddenly to be faced with the bill. And with some reluctance one imagines, the Government system, where there are recently come to the conclusion no sophisticated instruments that this high price could not be broken by the bad news longer be paid. Measures are now being taken to dampen the rather brutally under the man economy down. According to the street's nose.

Quite what the effect will be cut, real wages is hard to gauge, but the five-year plan. And though will slow down, and a brake will public's response is unlikely to planners will not be able to

be enthusiastic. Unemployment is already running at 450,000, roughly double the rate in Britain, and with inflation showing little sign of abating, there could be considerable hardship in the land, especially since there is a determination in Belgrade that this time the measures will bite.

It is a weakness of the Yugoslav self-management system that the Central Government has abdicated all but a few basic functions and cannot pull the throttle back gently or coax the economy along with fine tuning. It is either helpless or obliged to use a sledgehammer. There are signs though that things are changing.

A greater emphasis for instance is to be put on planning. Under a new law Yugoslavia is to have a more detailed ten-year plan than before, incorporating the belief that ideally Yugoslavia would like to carry on as before. But as other leading Yugoslavs have said, with the main economic responsibilities now lying with workers in

their self-management groups, it is a question of educating these men in what's best, not just for their enterprise but for the country as a whole.

Some foreign observers, though, have seen evidence of the genuineness of Yugoslav self-management in the country's economic woes. If self-management was just a facade, as critics often claim, the Belgrade Government or the League of Communists are unlikely to have let things get quite as bad as they have before taking remedial, centralising steps which can only infringe self-management rights. And perhaps bad overall investment patterns and the like are the best evidence available that it is the factory councils and not the Government who are taking the decisions.

David Lascelles

East Europe Correspondent

Economic brakes are applied

IN MANY respects the Yugoslav economy has done surprisingly well in the past 12 months, given the gloomy state of world affairs. But though its strong points, like the growth of industry, employment and agriculture continue, its weaknesses are beginning to show through more and more, forcing the Government to concentrate on what are seen as worrying economic trends. Some new, possibly quite stern, measures are due any time now to cope with these, the general aim being to damp down consumption.

On balance, this decision proved right since it helped create the near boom Yugoslavia has enjoyed in the last year and a half. There have

been more jobs and higher personal incomes (in 1974 real wages rose 6.2 per cent., more than compensating for the fall in real wages in 1972-73). And this enabled Yugoslavia to weather a difficult time which included desert oil and raw materials, obstacles to foreign trade, the return of a number of workers abroad, shipping and other transport and construction work abroad reduced that deficit to \$1,239m. against a surplus of \$231m. in 1973.

So far this year there has been no improvement in inflation or exports. Retail prices in March were 32.1 per cent. higher than last year and in April they were 31.7 per cent. up. In the first quarter exports fell 12 per cent. in real terms, but imports also fell—by 5.1 per cent. further deceleration. To

CONTINUED ON NEXT PAGE

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BALANCE SHEET IN 1974

(in Millions of Dinars)

ASSETS		LIABILITIES	
Cash and Banks	1,672	Capital	2,816
Loans	50,703	Reserves	515
Premises	435	Deposits	11,209
Other Assets	1,458	Resources Borrowed	
Total Assets	54,268	from Banks and Other Organisations	15,303
Outside Balance Sheet Items	38,350	Resources in Commission	21,478
TOTAL	92,618	Other Liabilities	2,947
		Outside Balance Sheet Items	54,268
		TOTAL	38,350
			92,618

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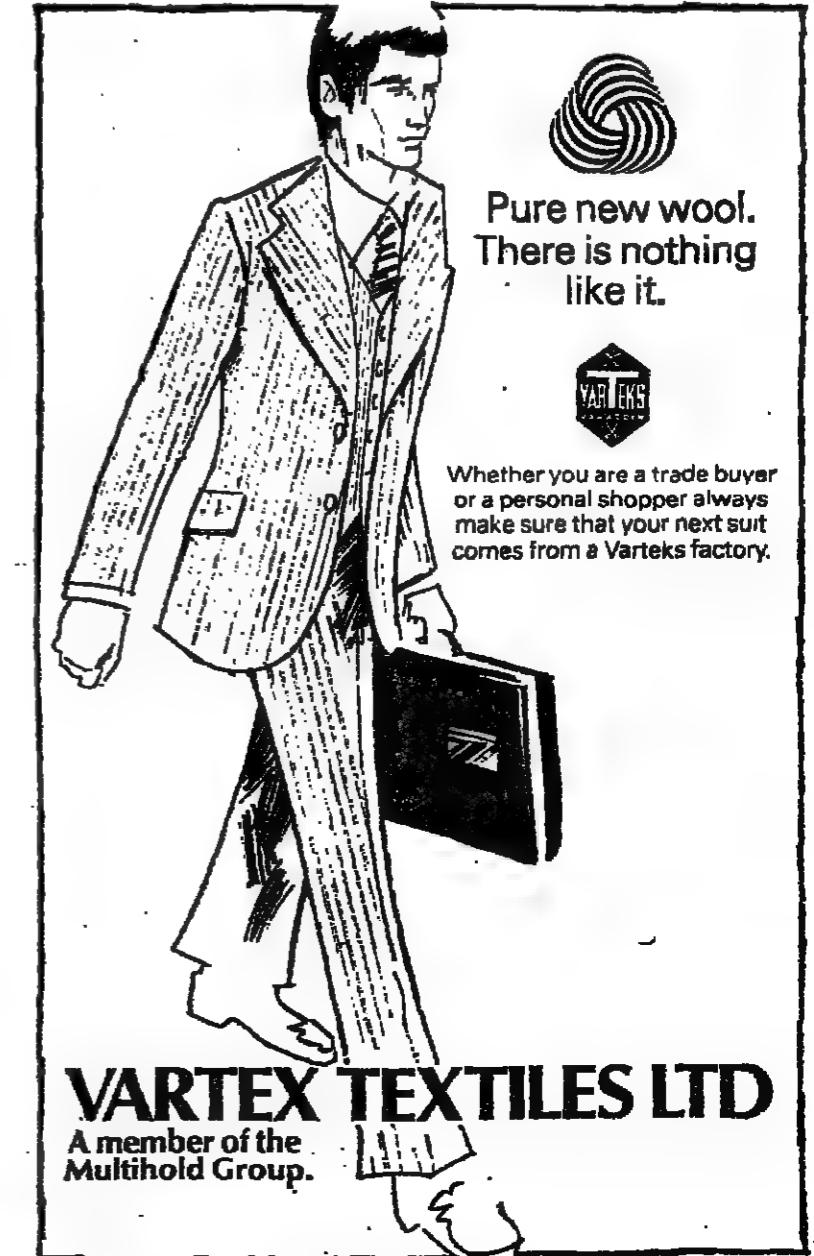
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Information available from:

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Serbia's contrasts

SERBIA, DESCENDED from rapid, as a glance at the last to Greece or Turkey. But one of Serbia's main tasks is to iron out uneven development between north and south, and this means bringing the largest republic both in terms estimated 15 per cent in 1973, and nearly five times production here that Vojvodina is occupied most of eastern Yugoslavia and the Drina, the Tisa and the Morava, all of which meet around Belgrade before plunging into the Danube quadrupled.

But Serbia is not Yugoslavia's most advanced republic. If anything it is its most average, and many of its statistics are identical for those of Yugoslavia as a whole. Lying between the developed north and the backward south, Serbia shares the characteristics of each, though even within Serbia itself there are big gaps between the rich Vojvodina region close to Hungary and poor Kosovo beside Albania.

Serbia emerged from the last war a largely peasant country. Facilities have sprung up everywhere and visitors stay longer instead of pushing straight on

Agriculture did less well, achieving an annual rate of only 3.3 per cent, and failing to take advantage of Serbia's natural resources. But infrastructure improved. Roads and railways have been modernised and a few new ones added (Belgrade-Bar and Cacak-Pozega), electricity has progressed and a network of gas pipelines is being constructed. River navigation has been neglected however.

Tourism is promising. Serbia has many things to offer, from its cities and monasteries to its mountains, rivers and spas. Facilities have sprung up everywhere and visitors stay longer instead of pushing straight on

In Vojvodina, the second largest population group, after the Serbs, are the Hungarians, but there are also Croats and other South Slavs, Romanians, Slovaks, Ukrainians, and Russians, and a few Germans and Jews. In Kosovo the majority are Albanians, followed by Serbs, Montenegrins and Turks. In two communes of Serbia proper, Bulgarians are in the majority.

These various nationalities are entitled to their own schools, press, radio and TV programmes, courts and administration, all conducted in their own language. Street names, firms, and signs are often bi-lingual, and in the case of Vojvodina Assembly, there are signs in five languages.

Vojvodina was immediately after the war the second richest Yugoslav region, after Slovenia. There were pre-industrialisation days and Vojvodina was the granary of Yugoslavia. With the industrialisation of other regions partly at the expense of agriculture (strategic reasons playing a role) its development was delayed. This is now to be remedied. Industrial production is planned to increase by 10.3 per cent a year in the next medium-term plan. Priority will be given to industries considered capable of transforming the economic structure of the provinces like oil processing, chemicals, food processing, and some sectors of metal processing.

Vojvodina will still end up an industrial-agrarian economy, but at a much higher level.

Nor should isolated cases of nationalism obscure the fact that for the first time in history the peoples of Kosovo are living in comparative harmony. Kosovo also plays an important role in improving Yugoslavia's relations with Albania. There is growing trade between the two, and university professors have been exchanged.

Kosovo is a special case in Yugoslavia's development efforts. At the end of the war it was perhaps the least developed region of Europe,

and though a lot has been done

incumbent on those who under-

Brake

CONTINUED FROM PREVIOUS PAGE

some extent this could be good stand the situation to convince and damp down imports. But workers, managers, and even only if it does not go too far.

Investments, especially non-productive ones, have risen to intolerable levels, housing being an exception. What is worse, finance has not been secured for all of them, or for their completion, with the risk that projects will not be finished but will freeze considerable resources.

Social spending has also been rising fast, mainly because it is hard to control and any check would mean cuts in social services which are considerable, including as they do free medicine, education, health protection, pensions and so on. But the high level of spending here is one reason why enterprises are so short of funds.

These other disquieting trends have been deeply worrying the Yugoslav Government and the political leadership. But the man in the street still does not feel the pinch, making it

more difficult for the government to implement its policies.

There is a general feeling that the political leadership is responsible for the consequences.

Aleksandar Lebi
Belgrade Correspondent

YUGOSLAVIA II



Yugoslavia's biggest republic stretches down the eastern border, with the top half sharing in the wealth of the industrialised north, and the south still struggling with a legacy of backwardness.

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YUGOSLAVIA III

JSD, in LSC

Yugoslavia's major hard currency earner
with a well-developed industrial sector and a coastline ideal for shipbuilding and tourism. Nationalism, once a threat to Yugoslav unity, appears to have subsided.

THE SOCIALIST Republic of Croatia and historical differences, Croatia is the second largest in the peoples of these two parts of the six of Croatia have much in common—their language, their Roman Catholic tradition and their strong feelings of national identity.

The Serbian minority is concentrated in a few areas of Croatia. Some of the villages along the Bosnian border and capital, Zagreb, down the Sava valley to the Pannonian lowlands of the central Danube Basin and was for centuries linked to Hungary.

But it also includes Dalmatia, essentially a Mediterranean land whose cities—Split, Dubrovnik, Zadar, Sibenik—were developed in the Graeco-Roman tradition, and later came under Venetian influence. Their way of life has little "in common" with the Central European traditions of the Zagreb. During the 19th century Dalmatia came under Austrian rule, while Croatia-Slavonia remained linked to the Central European advantages. The 400-mile long Dalmatian coast, with its thousands of rocky islands, draws millions of tourists from the affluent industrial nations of Western Europe. The completion of the Adriatic Highway

in the 1960s coincided with a relaxation in the petty restrictions which had previously inhibited the tourist industry. Isolated fishing villages became overnight staging posts on the route from Munich to the sun, and motels, camp sites, private guest houses and restaurants mushroomed on any piece of ground where there was room to build. The tourist industry now earns over \$700m. a year, most of it in hard currency, and most of it paid in Dalmatia.

Croatia contributes more to the Yugoslav balance of payments than any other republic. This is not because of any special virtue inherent in the Croats (although some of their nationalist leaders imply this), but because of Croatia's geographical advantages. The 400-mile long Dalmatian coast, with

its thousands of rocky islands, voiced of demographic decline.

In 1971, 5 per cent. of the popula-

tion of Croatia were temporar-

ily working abroad, a higher

percentage than from any other European country except Portugal. In 1973 the remittances of Gasteboer contributed over \$1.2bn. to the Yugoslav balance of payments, and the Croatian contribution was larger than that of any other republic.

In addition, Croatia's industry leads the Yugoslav export drive,

which is the region of the old

"military frontier," which the Habsburgs established to keep the Turk at bay in the 16th century, and in which Serbs warriors were induced to settle.

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Inland in Croatia-Slavonia there are export oriented industries in many fields, from heavy engineering to household electrical goods and textiles.

Zagreb, a city of 600,000 on the Sava, is the home of Yugoslavia's largest trade fair, which attracts thousands of Western representatives.

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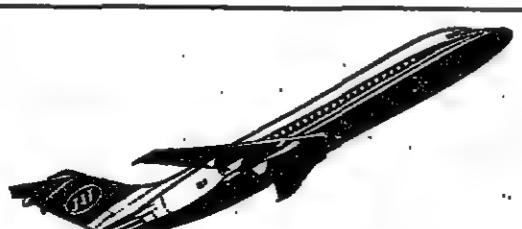
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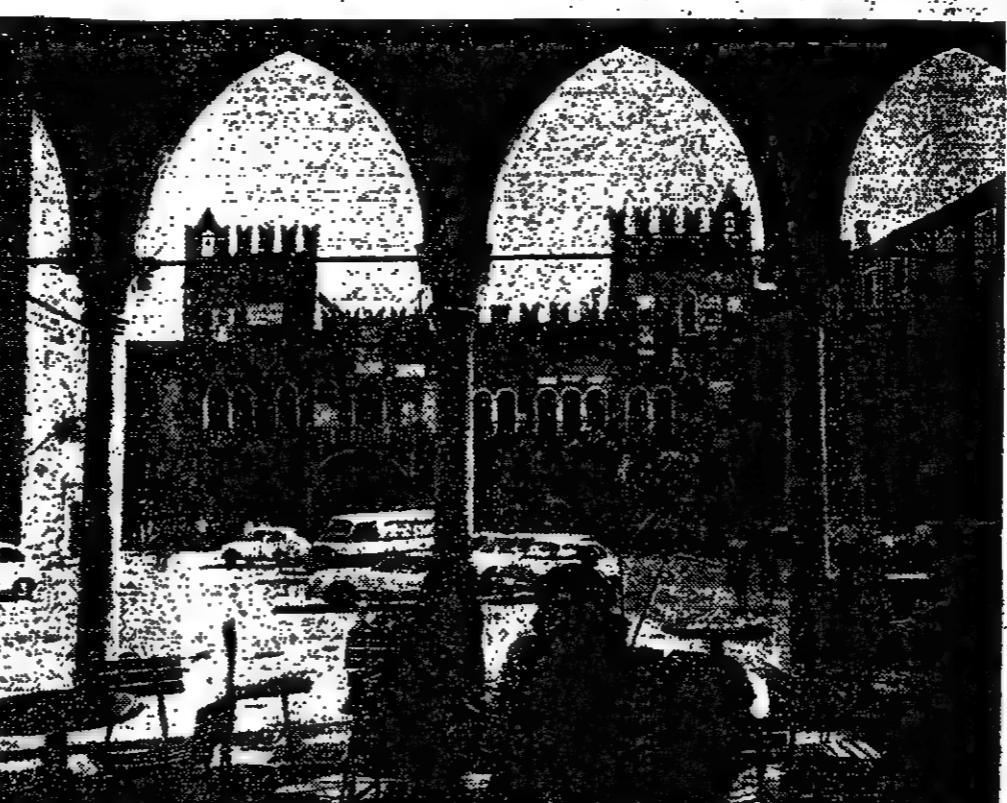


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YUGOSLAVIA IV

Astride one of Europe's vital communication lines, Yugoslavia's richest republic is reaping the benefits of early industrialisation and an efficient workforce. But historic disputes still overshadow its borders.

Slovenia's riches



Square in the Slovenian port of Koper.

SLOVENIA lies in the northwest corner of Yugoslavia, bordering Austria and Italy. Until the first Yugoslav State was formed in 1918 most of this territory was divided between the Austrian provinces of Carinthia, Carniola and Styria. For almost a millennium the Slovenes had been ruled by German speaking overlords, but they had retained their distinctive speech and national culture, though they acquired their Roman Catholic faith from their masters. During the period of foreign rule they may also have absorbed the reputed efficiency which causes their compatriots in the south to dub them, with a mixture of envy and sarcasm, "the Germans of Yugoslavia."

Slovene nationalism was stimulated by Napoleon's brief occupation of the Illyrian Provinces, but Slovene aspirations were to become more directed towards an autonomous unit within Habsburg Austria than an independent south Slav state led by Serbia. Fear of Italy rather than love of Serbia drove the Slovenes into the Yugoslav kingdom when it became obvious that the Habsburg Monarchy would not survive World War I.

Large minorities of Slovenes were left in the Austrian Carinthia and the Italian borderlands when the frontiers of the Yugoslav State were drawn. The loss of these territories rankled with the Slovenes, especially when Mussolini's blackshirts began a campaign to "Italianise" their Slav citizens. After World War II the frontiers of Yugoslavia were advanced westward to the gates of Trieste, and thousands of Slovenes in the Julian Region were reunited with their kinsmen. Slovenia also acquired a coastline, when zone B of the Free Territory of Trieste was put under Yugoslav control. This strip, known as the Slovene Littoral, contains the seaport of Koper (Capo d'Istria), which now rivals Split for second place in the tonnage of cargoes handled, although both are far behind Yugoslavia's chief port, Rijeka.

Ljubljana has developed a new range of engineering and electrical manufactures since the war in order to supplement the existing food, tobacco and furniture industries. Maribor is the home of the heavy vehicle industry, manufacturing trucks and buses with German and Czech engines at the TAM distributed across the other works, where during the war republic has such a high concentration of one national group. There are small minorities of Hungarians in the northeast and of Italians on the Julian Littoral and a sprinkling of accountants for solely by its industrial and other resources. Its border. The Germans have a historical experience under the Habsburgs at a time when most either forcibly expelled or fled of Yugoslavia was occupied by the end of the war. A recent feature of the demographic picture has been the central Europe and the head of influx of Bosnians and the Adriatic also play a role. The Moslems, many of them labourers, especially in the Danubian lowlands to Trieste across Slovenia, via Ljubljana, building the historic Postojna Gate. This is one of the vital lines of communication in Europe, which has Moslem brothers from the south since Roman times carried through the cultivated middle migrants and colonists. It now carries a modern road which links the Austrian and Italian motorway systems along the line of the old Südbahn, the railway built a century ago to link Postojna Gate crosses the Julian Karst, a limestone

population lives in eight towns plateau linking two great to make an impact. One would of more than 50,000, the largest chains of Alpine fold mountains expect the Slovenes to be tains. Southern and eastern Alpine regions in this as in many other aspects of civic reform, border, is not as spectacular as the northern Slovenes tend not to assert scenically as the Alpine region, but it contains stridently as do the Croats, but large areas of natural woodland they nevertheless have a strong sense of national identity, and wild boar are still to be found they are quick to react in defence of the Slovene minorities in Italy and Austria. Slovenia has much therefore to offer the tourist—especially March, 1974. Italy provoked a minor international incident by those prepared to stray from the golden road to the Adriatic suggesting that the Slovene littoral was not indisputably Yugoslav territory, and later that year there were angry exchanges between the Yugoslav and Austrian Governments over alleged discrimination against Slovenes in Carinthia. In both cases the Slovenes were warmly backed by the other Yugoslav peoples.

The Slovenes, despite their unconscious feeling of superiority, know that it is better to be the most developed part of a Yugoslav federation than the poor relation of some other central European entity. However, nostalgic older Slovenes look upon the lingering traces of the double eagle, people in the more recently industrialised areas of Yugoslavia. An environmental lobby largely drawn from the professional classes—is beginning

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Pollution
Industrial Slovenia is limited to few areas of lowland in the valleys of the Sava and the Drava. Unfortunately, where industrialism has spread to the upper valleys, pollution threatens the enjoyment of the mountain scenery. The steel works at Jesenice foul the air with smoke and fumes, and the effluent from the mercury mine at Idrija attacks the tenacious shrubs and trees of the surrounding karst. Slovenes are perhaps more conscious of the dangers of pollution than people in the more recently industrialised areas of Yugoslavia. An environmental lobby largely drawn from the professional classes—is beginning

Fred Singleton

The treasure-house, rich in minerals, timber and hydro power. But the republic has yet to exploit its full wealth, and for the time being it rates as a developing region, eligible for special aid.

Bosnia

BOSNIA-HERZEGOVINA is still linked in most people's minds with June, 1914, when Franz Ferdinand was assassinated in Sarajevo, its capital. The riverside road junction where that historic bullet was fired is commemorated by a museum, and the event itself is now being made into a film.

Economically, Bosnia-Herzegovina contributes much to the Federation, with its raw materials, timber and hydroelectric power. In a pamphlet to visitors the Bosnians claim to own more than a quarter of Yugoslavia's total cultivable area, over a third of its forests, over half its bauxite and asbestos, over three-quarters of its iron ore, all of its coking coal, manganese and calcined soda, and the Federation's largest output of plums—not an irrelevant statistic since this is what silicic acid is made of.

But much as the Bosnians prize this historical evidence of their struggle for independence which finally resolved itself with the establishment of the republic of Bosnia-Herzegovina in 1945, they feel they have got over that phase of history and would rather people no longer saw them only as fuses in the powder keg of Europe.

Part of the trouble defining Bosnia to-day is that strictly speaking there is no such person as an ethnic Bosnian, though the occupying Austrians tried to foster a national identity for political reasons, even going so far as to invent a folk costume.

The latest figures for development put Bosnia about five years behind the Yugoslav average. One reason is the war. Bosnia was one of the main partisan battlegrounds, and language is Serbo-Croat. They think this is now a matter of great pride, it cost the republic

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Assets	2,224	1,824	44,280	422	50,960
Total	50,960				50,960

Branches: Beograd, Celje, Čompolj, Domžale, Kamnik, Kočevje, Koper, Kranj, Ljubljana, Maribor, Murska Sobota, Nova Gorica, Novi Sad, Sarajevo, Skopje, Slovenj Gradec, Slovenia, 4 Blizisce, Trbovlje, Velenje, Zagreb.

Over 120 agencies and sub-agencies throughout Yugoslavia.

International business is handled centrally by the International Division at the Head Office of the Bank in Ljubljana.

Representative Offices: Abidjan, Beirut, Berlin (GDR), Budapest, Frankfurt/M., Milan, Moscow, Paris, Prague.

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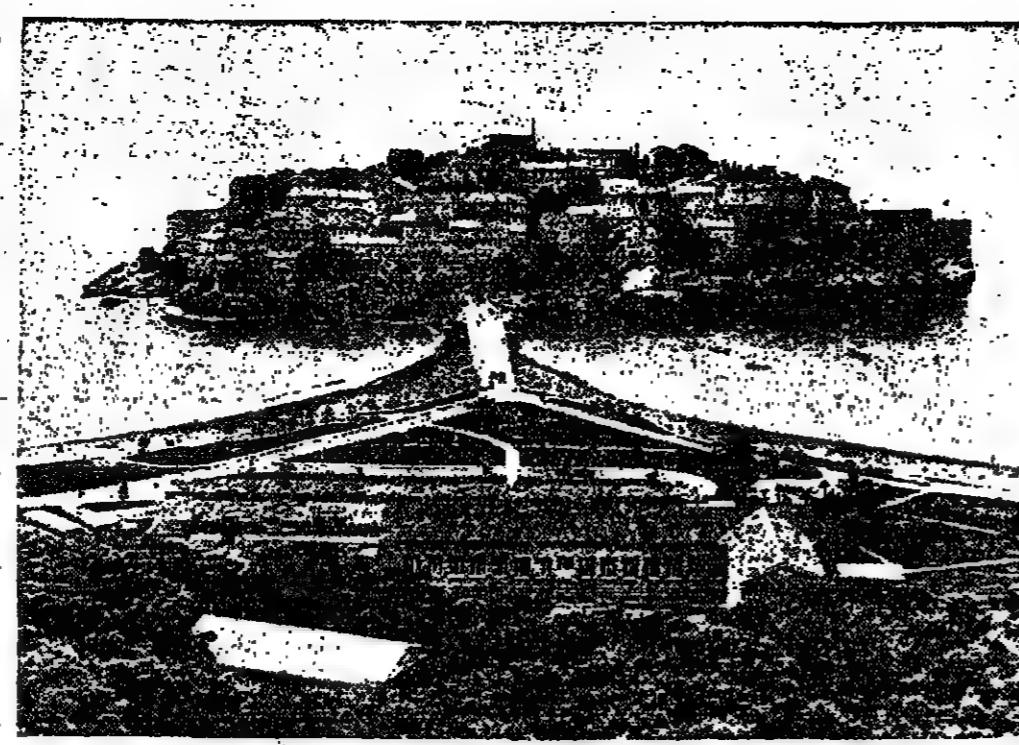
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YUGOSLAVIA V

JADRAMBROD

A small and rugged republic, but a beautiful and proud one too. Montenegro is investing in industry and communications to draw itself into the mainstream of the Yugoslav economy.

Colourful Montenegro



The island hotel at Sveti Stefan.

SCENICALLY NO region packs in more sights to the mile than Montenegro, Yugoslavia's smallest republic tucked away at the bottom of the country between Serbia and the sea. Endowed with majestic mountains and canyons, but also offering Lake Scutari with its wide peaceful waters and the like Adriatic coastline, it strikes most visitors as a scenic paradise. And so it is. But geography has its drawbacks too, and Montenegro to-day is trying to overcome this legacy as well as exploiting it.

On the plus side Montenegro's mountains (which are not black as its obscurely derived name implies) have moulded its tiny population of only half a million into a rugged, fiercely patriotic people, once described as the "thorn in the side of the Ottoman Empire under whose rule it languished for centuries. The Montenegrins defeated the Turks in 1858 and set themselves up as an independent State shortly afterwards. But remains, mainly architectural, of the Turkish occupation can still be seen to-day in the hill villages and inland towns.

Montenegro's first capital Kotor, perched on a hill with its modest but stylish mansions and unmistakable Balkan churches, can still be seen. To-day the capital is Titograd, a brand-new town spreading across the plains near Šibenik and symbolising the Republic's modern-day aspirations.

Culturally the Slavic Montenegrins also owe their past to Western influences along the coast where walled, stone-built towns like Budva and Kotor show all the signs of Venetian-derived Adriatic styles, and to Orthodox influences from the east: monasteries, mosaics and icons.

What with the sunshine, good local wines and miles of beaches all this adds up to a good tourist business which is one of the main prongs of Montenegro's economy, accounting for a third of its revenues.

Most tourism is concentrated on the coast, now opened up with the Adriatic highway stretching from Italy to the Albanian border. Some of same day.

Yugoslavia's most luxurious hotels are to be found here, geographical minus, are poor missed by the ultra-modern among them Sveti Stefan, the world-renowned island hotel. The Republic's overall backwardness will be disappointed by inadequate converted from what was once a fishing village and before that developed region eligible for (a less well-known fact) the special financial help. Montenegro's per capita income is only two-thirds of the Yugoslav average, and a higher than average proportion of the population still lives off the land. There are only two or three main roads and a few miles of railway which have yet to be linked up to the Federal system.

A major tourist centre like Budva with a population of only 1,500 has to cope at the height of the tourist season with up to 40,000 visitors which puts an immense strain on services, as hopelessly overloading an already dicky telephone system. The plant's eventual capacity

The obstacles, and this is the The danger is that tourists, communications and the appearance of the hotels, will be disappointed by inadequate back-up.

At a recent meeting of the Montenegro party leadership, the Republic's poor economic performance came under fire. Some might argue that this lovely coastline has already got more hotels than it can take and that the Montenegrins are being over-enthusiastic. But Titograd officials seem aware of the dangers and say that development is being carefully scrutinised. They also point out that their stretch of the Adriatic coastline is on the UN list of world beauty spots and is being developed with that organisation's collaboration.

Potential

Inland the potential has yet to be tapped. But the Republic has plans to open up mountain areas for hunting, hiking, and even winter sports, making Montenegro one of those rare places where holidaymakers will be able to swim and ski on the same day.

What little industry it had. Post-war reconstruction was hampered by desperately bad communications. There were no surfaced roads and only two narrow-gauge railways and though all villages are now linked by road, the network is still scanty by any standards. Every Bosnian recently donated a month's salary to improve communications.

Bosnia has also suffered from Yugoslavia's serious neglect of its primary resources in favour of processing industries and other more glamorous sectors. This mistake is now being rectified in the so-called stabilisation programme which aims to develop the country's basic wealth as a matter of priority. But the cost is high and progress slow, so it could be years before Bosnia finally catches up, though its growth rate is currently slightly above average.

Potential

This explains why those impressive-looking figures can be misleading because they do not distinguish properly between the Republic's potential and realised wealth.

The presence of giant enterprises in Bosnia is also misleading and in many ways symptomatic of its problems. They exist only because large companies, on the whole, can exploit natural resources like Bosnia's. Looking further down the list of Bosnian enterprises, one

notices a distinct lack of medium and small concerns. Agriculture has also posed problems, partly because of the terrain, but partly because rural communities have been slow to take up modern methods, out of ignorance and lack of capital.

Bosnian planners aim to concentrate development on aluminium, chemicals, timber and coal, and then get processing industries going, especially those handling local raw materials, to add as much value locally as possible. With this in mind they are looking for the latest technology at home and abroad and are keen for foreign co-operation.

An untapped source of revenue is tourism. At the moment visitors spend on average only two days in Bosnia, on their way to and from the coast. Little has been invested in this sector, but the Sarajevo authorities see great potential in their Republic's dramatic scenery, its hunting (bears and deer), fishing, spas, and mountain climbing and skiing.

Another of Bosnia's attractions is its blend of eastern and

western cultures. The old Turkish town of Mostar with its fine bridge, or Sarajevo's Moslem market ringed by minarets are not scenes a visitor driving up from the Venetian elegance of Dubrovnik might expect. But seen alongside the Austrian boulevards of Sarajevo's newer districts, they are part of a living history book.

One of the finest views in Yugoslavia is to be had from Mount Trebević which towers above Sarajevo and looks out across the unspoilt Bosnian ranges. Anyone who goes there is advised to savour the occasion with a dish of grilled Bosnian trout and a bottle of Mostar wine.

Bosnia is clearly a republic with a great future once its wealth can be realised. But the Bosnians themselves admit that this will be a slow process hampered as much as anything by poor communications and lack of skills. A point in its favour is the fact that Yugoslavia as a whole needs Bosnia's resources, and this could spur the Federal development effort.

David Lascelles

PROJECTS ON FIVE CONTINENTS

Energoprojekt Engineering & Contracting Company of Belgrade employs over 3,000 graduate engineers, technicians, economists and skilled workers. Throughout its construction sites, spread over five continents, it employs over 15,000 local labourers. In the last year Energoprojekt reached a turnover of about £75m and profits of £7.5m. Energoprojekt conducts research, design, construction and commissioning in:

- Water development, including irrigation and land reclamation
- Power installation
- Industrial and mining equipment
- Agricultural complexes and town planning, including traffic studies

The Company also operates an advanced computer centre for electronic data processing and is engaged in foreign trade, re-export trading operations and foreign company representation.

Energoprojekt was founded in 1951. There has been a unique management continuity. The Managing Director, Zivko Mucalo, Dipl.Eng. has supervised the Company since its formation.

IMPRESSIVE RECORD OF GROWTH

During Energoprojekt's 24-year existence it has been expanding its activities and the number of employees is steadily increasing. In the beginning, the Company was engaged mainly in design but grew into an industrial organisation carrying out complex projects of construction and commissioning for power and industry. It is also engaged in mining from investigation and prospecting to the final stages of mineral processing.

Energoprojekt has carried out many large projects at home and abroad on a "turn-key" basis.

PROJECTS AT HOME

Some of the most important projects completed in Yugoslavia are:

- The Djerda hydropower and navigation system
- The Bajina Basta, Perucke, Vlasina, Kokin Brod, Bistrica and Petpech hydro-electric power plants
- The Kosjane, Kolubara, Kosovo, Obrenovac and Morava thermal power plants and the district heating centre Novi Beograd etc.

There are thirty land reclamation systems over twenty concrete dams, over thirty high voltage power transmission line stations and a great number of town planning, housing, public building, tourist and hotel projects.

COMPLETE PROJECTS ABROAD

Energoprojekt is active in about forty countries throughout the world. Some successful projects are:

- Uganda —A conference complex and the international hotel in Kampala, the Entebbe International airport and the textile factory in Lira.

- Zambia —The Kafue Gorge hydro-electric power plant, a complex built for the third conference on non-aligned countries in Lusaka, the Chissoe iron ore mine and the Kariba North hydro-electric power plant.

- Peru —The Chira Plura Irrigation and land reclamation plant and the Pechoos dam.

ENERGOPROJEKT

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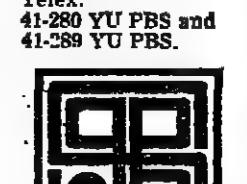
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PRIVREDNA BANKA SARAJEVO

PRIVREDNA BANKA SARAJEVO has a total potential of about 48 billion Dinars which has doubled since 1971, when the Bank was established, and has an average growth rate of 18% (in 1974 the rate was 27%).

In the structure of the Bank's credit potential long-term funds participate with over 60%. This by itself indicates close co-operation and links between the economy and the Bank, which has business relations with over 3,500 basic organisations of associated work in Yugoslavia.

In the economy of the Socialist Republic of Bosnia and Herzegovina, PRIVREDNA BANKA SARAJEVO acts as a development Bank and in the total volume of long-term placements of all the banks in this Republic, participates with 90%. So far, the Bank has granted investment credits for the purpose of Republic economy development to the total amount of 16.6 billion Dinars to support the investments estimated to about 40 billion.

General expansion of PRIVREDNA BANKA SARAJEVO is also evidenced in its international operations. Increase of foreign exchange potential and performance of all types of foreign trade is reflected in the confidence the Bank enjoys with an increasing number of foreign partners.

Business relations have been established with almost all major banks in all countries of the world. In addition to already established co-operation with the Export-Import Bank, International Finance Corporation and International Investment Corporation for Yugoslavia, co-operation with the International Bank for Reconstruction and Development is also important. This is aimed at the consideration of the possible establishment of a line of credit for the purpose of financing of medium and small industrial capacities in less developed republics. Through the Association of Yugoslav Banks, PRIVREDNA BANKA SARAJEVO has also continued international banking co-operation with East European countries through the consortium of Yugoslav banks with the corresponding banks from Hungary, Czechoslovakia, Bulgaria, Romania and Poland.

The total volume of the Bank's international payment transactions in 1974 was 8.8 billion Dinars, denoting an increase of 70% compared with that in 1973. 45 credit lines with foreign banks have been provided amounting to US\$ 55 million which have been granted in accordance with the requests and interests of the founders and clients of the Bank. Correspondent relationships have been established with some banks in Japan, South America and Africa. The Bank maintains co-operation with more than 234 banks and has 67 active accounts enabling it to conduct direct operations with all countries in the world, using all credit-guarantees instruments and the instruments of payment transactions.

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WALL STREET + OVERSEAS MARKETS

Market recovering after weak trend

BY OUR WALL STREET CORRESPONDENT

STOCKS FINISHED mostly higher shares on Wednesday. Advances BSN Genetics slid Frs.21 led declines 216 to 182.

Banks registered the most im-

pressive rise of the day.

PARIS—The market was lower all round, depressed by Wall Street's fall and the fear of higher oil prices, as well as by news of lower French industrial production.

The sudden rise in the gold price also diverted funds out of equities.

French gains Fr.1.8 after reporting higher 1974 profits, while Michelin gained despite announcing a 50 per cent cut in profits of its French manufacturing subsidiary. Metals were less affected than other sectors. Carrefour lost Frs.40 and Aquitaine fell Frs.15.

Mr. McCracken, the former chairman of the Council of Economic Advisors in the Nixon Administration, addressed the American Iron and Steel Institute convention here.

Yet at the same meeting, Mr. Paul Samuelson, the eminent Professor of economics at the Massachusetts Institute of Technology, expressed doubts as to whether the recession had bottomed out. He said he believed it was still impossible to judge when the trough of the recession would be reached.

The Dow Jones Industrial Average rose 0.27 to 181.91, while the NYSE Common Stock Index gained 0.15 to 47.43. Advances topped declines, 720 to 631 in a turnover of 17.61m., compared with 18.64m. on Wednesday. The Transport Index put on 0.43 to 166.87 and Utilities 0.06 to 77.23. The Stocks Index rose 0.24 to 239.34.

On Pont rose \$1 to \$12.15. The company said its textile fibre business, which had led the decline in sales and earnings for the past two quarters, was now leading the company's recovery.

Pasco Inc. gained \$2 to \$31. After days of opening the company sold its Beta 2 recommended the sale of all its assets and the distribution of all proceeds to Pasco shareholders. Studebaker-Worthington, which holds a controlling interest in Pasco, spurted \$2 to \$36. It forecast a good year in 1975 with earnings up sharply.

Prices edged higher in light trading. The Amex index rose 0.05 to 86.82, while advances outnumbered declines in a turnover of 2m. shares. Alex Magnethermic rose \$1 to \$46. Syntex, Research-Cottrell, and Kaiser Industries picked up fractions.

OTHER MARKETS

Canada higher

Canadian markets finished higher in moderate trading. The Toronto Industrial Index rose 1.23 to 421.63, and Golds jumped 6.49 ahead to 421.63. Base Metals and Western Oils also advanced.

Trading was generally quiet throughout the session, with the final volume reaching 3.00m. shares compared with 1.74m.

Indices
NEW YORK

DOW JONES AVERAGES

	Home Trans. Bonds	Indus.	Int'l.	Trans. volume
May 22	1,000.00	1,000.00	1,000.00	1,000.00
May 21	1,000.00	1,000.00	1,000.00	1,000.00
May 20	1,000.00	1,000.00	1,000.00	1,000.00
May 19	1,000.00	1,000.00	1,000.00	1,000.00
May 18	1,000.00	1,000.00	1,000.00	1,000.00
May 17	1,000.00	1,000.00	1,000.00	1,000.00
May 16	1,000.00	1,000.00	1,000.00	1,000.00
May 15	1,000.00	1,000.00	1,000.00	1,000.00
May 14	1,000.00	1,000.00	1,000.00	1,000.00
May 13	1,000.00	1,000.00	1,000.00	1,000.00
May 12	1,000.00	1,000.00	1,000.00	1,000.00
May 11	1,000.00	1,000.00	1,000.00	1,000.00
May 10	1,000.00	1,000.00	1,000.00	1,000.00
May 9	1,000.00	1,000.00	1,000.00	1,000.00
May 8	1,000.00	1,000.00	1,000.00	1,000.00
May 7	1,000.00	1,000.00	1,000.00	1,000.00
May 6	1,000.00	1,000.00	1,000.00	1,000.00
May 5	1,000.00	1,000.00	1,000.00	1,000.00
May 4	1,000.00	1,000.00	1,000.00	1,000.00
May 3	1,000.00	1,000.00	1,000.00	1,000.00
May 2	1,000.00	1,000.00	1,000.00	1,000.00
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May 16	1,000.00	1,000.00	1,000.00	1,000.00
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May 14	1,000.00	1,000.00	1,000.00	1,000.00
May 13	1,000.00	1,000.00	1,000.00	

JULY results

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FINANCIAL TIMES

Friday May 23 1975

Pensions will go up 15%

BY ERIC SHORT

THE GOVERNMENT is to increase old-age pensions by nearly 15 per cent. from the week beginning November 17—the second rise this year and the third since the Government was elected. The weekly retirement pension for a single person will be £13.30, compared with the present £11.60. For a married couple the new rate will be £21.20, against the present £18.50.

These increases were part of a package of improvements in social security benefits announced yesterday by the House of Commons by Mrs. Barbara Castle, Secretary for Social Services. The rises in retirement pensions are in line with the rise in the index of average earnings from August 1974 to March 1975.

The Social Security Amendment Act 1974, which brought in the first pensions rise, introduced the principle of revaluation of pensions and other long-term social security benefits in line with national average earnings. The original intention was to do this annually but the exceptionally high rate of inflation has resulted in more frequent increases.

Foresawed

When the Chancellor of the Exchequer announced in November the increase for April 1 he foreshadowed a further rise next December. This has been brought forward by one month. Mrs. Castle also indicated that the intention was to return to annual reviews when inflation was brought under control.

The new increases do little more than maintain the status quo of pensions with average earnings. Present average earnings are £54 per week, and the new pension for a married couple is 39 per cent. of this—a statistic

Insurance protection Bill clause dropped

BY JUSTIN LONG

THE GOVERNMENT last night reluctantly agreed to drop pending further discussion—one of the most controversial clauses from the Policyholders' Protection Bill.

Widow's pensions, invalidity benefits, widowed mothers' allowances and other long-term benefits are to be increased by the same amount to reflect the change in national average earnings over the periods.

Short-term benefits for sickness and unemployment will, however, be increased in line with the movement of prices over the corresponding period.

This has lagged behind the change in earnings, the increase being slightly over 13 per cent.

These weekly rates for a single person will go up by £1.30 to £11.60 and by £1.10 to £18 for a married couple.

The Supplementary Benefits Commission is to make substantial increases in discretionary additions for extra heating, to take effect at the same time.

This will take account of increased fuel costs. The Government will also start the new non-contributory invalidity pension payable to persons other than disabled housewives to coincide with the pension increases.

The cost of these increases will be £395m. in the current financial year, and £1.06bn. in a full year, of which £910m. would be chargeable to the National Insurance Fund.

Mrs. Castle could not state whether NI contribution rates would be affected—but a review is to be undertaken during the summer in accordance with the 1974 Act.

Editorial comment. Page 20

Taking risks

Lord Aberdare said there was wide sympathy for the Government's main aim of ensuring a measure of consumer protection. But protection should not be afforded to corporate bodies, paid creditors or even shareholders, he contended.

The Opposition felt that some companies would be encouraged to offer policies at a cut-rate and with increased benefits—running commercial risks in the knowledge that there was a "long-stop" which would come to their rescue in the event of difficulties.

Lord Beswick said the Government had argued the controversial clause as an essential feature in the interests of both policyholders and the whole industry.

There was no reason to suppose that rescues would become standardised procedures. Indeed, there were reasons to believe the powers would be used only sparingly. They would only be used where it was in the interests of policyholders.

The main complaint was that the debate—which their party leader had demanded—gave neither MPs nor the country any coherent picture of what a Conservative Government would do, in specific terms, to deal with what Mrs. Thatcher, echoing Mr. Wilson's words, called "the gravest economic crisis since 1931".

Indeed, for the House, the main interest was the Prime Minister's announcement that he would today make a statement about the action proposed by the Government to give direct help to the textile industry "now in its most violent depression" since the 1930s.

He refused to be drawn, except to say that the action would not include controls over textile imports. Some Conservatives said instead that perhaps Mrs.

Thatcher's first instinct, which had been not to take part at all because of other engagements, had been the right one. They thought so, because when she had asked for the debate, the pound had been on the slide.

Mr. Wilson had called her "the reluctant debater". Privately, some Tories grudgingly accepted this description on the ground that she and her research and policy adviser, Sir Keith Joseph, have not yet had time to complete their "re-think" of Opposition economic policy.

Labour MPs were, of course, delighted with Mrs. Thatcher's performance. The Prime Minister, obviously expecting something of the sort, did not make a heavyweight economic speech.

The main part of Mr. Wilson's speech was an attack on "the disunity of the Conservatives": the high cost to public expenditure of their proposals made during the last general election; and the need for Mrs. Thatcher and her "mentor"—Sengen or Ruskin—Sir Keith, to get their head together and agree on something—if only to reach the same judgment about yesterday's unemployment figures.

Most affected were economists, draftsmen, economists and statisticians.

State sets out role in N. Sea

BY ADRIAN HAMILTON

THE GOVERNMENT has finally put forward firm negotiating proposals detailing the lines on which it would like to achieve participation in North Sea oil fields at "no financial loss" to the companies concerned.

The proposals, in the form of a paper outlining the Govern-

ment's ideas and quoting hypothetical examples with figures for company revenue and Government repayments for its share of output, have been presented to a number of companies, including BP, Burmah and Gulf, in exploratory talks this week at the Department of Energy.

Weather

U.K. TO-DAY intervals, perhaps showers. In E. mainly dry, some sun in W. and N. Ireland. Cool.

LONDON, S.E., CENT. S. AND S.W. ENGLAND, MIDLANDS, CHANNEL IS., S. WALES Dry, sunny intervals. Wind N. light. Max. 14C (57F).

E. ANGLIA, E. AND N.E. ENGLAND Sunny intervals, perhaps showers. Wind N.W. moderate or fresh. Max. 13C (55F). Some slight frost.

ORKNEY, SHETLAND Sunny, intervals, occasional showers. Wind N. fresh or strong. Max. 17C (65F).

OUTLOOK: Little change.

LIGHTNING-UP London 21.25,

Manchester 21.43, Glasgow 22.05,

Belfast 22.05.

BUSINESS CENTRES

	Y/Ay	Mid-day	Y/Ay	Mid-day
Aberdeen	S 24	25 Madrid	F 22	22
Amsterdam	S 24	25 Paris	C 11	12
Alberts	S 24	25 Melbourne	C 12	13
Bahrain	C 23	25 Milan	F 13	14
Barbados	S 20	25 Mexico	S 21	22
Berlin	S 24	25 Amsterdam	C 13	14
Belfast	S 24	25 Stockholm	C 13	14
Bilbao	S 27	28 Newcastle	C 13	14
Birmingham	S 21	22 New York	C 13	14
Brussels	S 24	25 Paris	C 13	14
Budapest	C 17	18 Prague	C 13	14
C. Aires	S 19	20 Cardiff	C 13	14
Cardiff	F 14	15 Bristol, J. 16	C 13	14
Colombia	S 11	12 Singapore	C 13	14
Dublin	S 9	10 Stockholm	C 13	14
Falmouth	C 12	13 St. Petersburg	C 13	14
Grenada	F 12	13 Tokyo	C 13	14
Glasgow	R 12	13 Tokyo	C 13	14
Helsinki	S 13	14 Vienna	C 13	14
India	S 11	12 Warsaw	C 13	14
Indonesia	S 21	22 Zurich	C 13	14
Ireland	S 11	12 Zurich	C 13	14
London	S 12	13 Zurich	C 13	14
Luxembourg	F 12	13 Zurich	C 13	14

HOLIDAY RESORTS

Sunny, intervals, occasional showers. Wind N. fresh or strong. Max. 17C (65F).	Ajaccio	F 14	15 Las Palmas	C 13	14
Outlook: Little change.	Alghero	F 14	15 Las Palmas	C 13	14
Lightning-up	Barbados	F 11	12 Majorca	C 13	14
London	Bordeaux	S 23	24 Majorca	C 13	14
Manchester	Boulogne	C 13	14 Malta	C 13	14
Belfast	Buenos Aires	C 13	14 Naples	C 13	14
Bilbao	Corsica	F 13	14 Nassau	C 13	14
Birmingham	Dubrovnik	F 13	14 Nice	C 13	14
Brussels	Faro	F 13	14 Palma	C 13	14
Budapest	Funchal	F 13	14 Salobrena	C 13	14
C. Aires	Gibraltar	F 12	13 Tanner	C 13	14
Cardiff	Greece	F 12	13 Tenerife	C 13	14
Colombia	Imperial	F 12	13 Tunis	C 13	14
Dublin	Javea	F 12	13 Valencia	C 13	14
Falmouth	Kemariah	F 12	13 Veneza	C 13	14
Grenada	Larnaca	F 12	13 Vinales	C 13	14
Helsinki	Malaga	F 12	13 Vinales	C 13	14
India	Marbella	F 12	13 Vinales	C 13	14
Indonesia	Ortegal	F 12	13 Vinales	C 13	14
Ireland	Portuguese	F 12	13 Vinales	C 13	14
London	Rome	F 12	13 Vinales	C 13	14
Luxembourg	Sanremo	F 12	13 Vinales	C 13	14
Spain	Santander	F 12	13 Vinales	C 13	14
Sweden	Tenerife	F 12	13 Vinales	C 13	14
Switzerland	Vilamoura	F 12	13 Vinales	C 13	14
United Kingdom	Zarautz	F 12	13 Vinales	C 13	14

More help needed for motor cycle industry—Poore

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

ANOTHER £20m-£40m of Government finance to secure the long-term future of the motor cycle industry is likely to be asked of Mr. Anthony Wedgwood Benn, Industry Secretary, who has called tripartite talks with management and unions.

Norton Villiers Triumph has warned Mr. Benn that the recession in the U.S. to which 70 per cent. of production has been going is so deep and Japanese competition so severe that it is planning to plan for a three-day working week and possible redundancies after the summer holidays at the latest.

The industry now includes the Meriden motor cycle co-operative, established in February at a factory near Coventry. It was bought from NVT, which under Government arrangements had contracted to sell the co-operative's output for two years.

The last Conservative Government established NVT after the collapse of BSA with an injection of £4m. The Meriden co-operative was provided with nearly £6m. and at the same time

Uruguay the scrapping of the disputed clause, Lord Aberdare, leader of the Opposition, said that almost every speaker in the debate had considered it undesirable.

He maintained that it went beyond the limited objective which the Bill was meant to fulfil. The Bill provides for a compulsory levy on the insurance industry to ensure that policyholders do not suffer severe losses when a company fails.

Afterwards Mr. Poore, who has consistently maintained that a three-factory operation would require a substantial increase in Japanese money, explained that the Japanese still had about six months' stock of competitive machines in the U.S. which they were selling at less than \$1,600 (down from \$2,200) compared with the \$2,895 recommended retail price of NVT machines.

French Kier leaves shareholders and taxpayers with a string of unanswered questions. The group now says that its liquidity crisis has been apparent since the middle of 1974, and that the Department of the Environment handed over a £25m ex gratia grant around the time of the interim statement last November. Further Government payments of £35m were subsequently authorised.

Referring to the world-wide recession in the market, the NVT Board said it could not spend scarce resources to fight through the present situation.

It was prepared to hold employment at present levels until after the summer holidays unless there was a worsening of the situation. After that, unless there was government help, a three-day week would be introduced, with possible redundancies and closure of some operations.

The board also deferred the appointment of Mr. Hugh Scanlon, the engineering union leader, as a part-time member, until he had met the chairman, Mr. Dennis Poore.

Afterwards Mr. Poore, who has consistently maintained that a three-factory operation would require a substantial increase in Japanese money, explained that the Japanese still had about six months' stock of competitive machines in the U.S. which they were selling at less than \$1,600 (down from \$2,200) compared with the \$2,895 recommended retail price of NVT machines.

If the eventual loss on the contracts is less than currently forecast, the group has to return only half the saving to the Government—which is apparently seen as some kind of performance incentive. In addition, the Government is to provide a loan of up to £44m. which will bear interest just one point above the rate available from the group's bankers, and which will be convertible at par (5%) against a current price of 10p. Although the entire group is currently capitalised at under £5m., the maximum Government shareholding will be 28 per cent.

This arrangement, according to Mr. Mulley, is the most cost effective way of ensuring the completion of French's outstanding road programme, which totalled £40m. at the beginning of March.

French Kier Holdings yesterday reported preliminary figures for the year to December 31, 1974, showing a group loss before tax of £2.9m., but this is struck after crediting the Government grants of £3.5m. Mr. Motte attributed the whole of the actual and prospective losses on the motorway and trunk road contracts to the W. and C. French side of the business.

The losses were being made on contracts on which the losses were entered into before December